

**ASSOCIATION of
GOVERNMENTS**

Main Office

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Ventura County: Judy Mikels, Ventura County • Glen Becerra, Simi Valley • Carl Morehouse, San Buenaventura • Toni Young, Port Hueneme

Orange County Transportation Authority: Charles Smith, Orange County

Riverside County Transportation Commission: Robin Lowe, Hemet

Ventura County Transportation Commission: Bill Davis, Simi Valley

MEETING OF THE

**TRANSPORTATION &
COMMUNICATIONS COMMITTEE**

**Thursday, September 2, 2004
10:30 a.m. – 12:15 p.m.**

**SCAG OFFICES
San Bernardino Conference Rm A & B
818 W. 7th Street, 12th Floor
Los Angeles, California 90017**

213. 236.1800

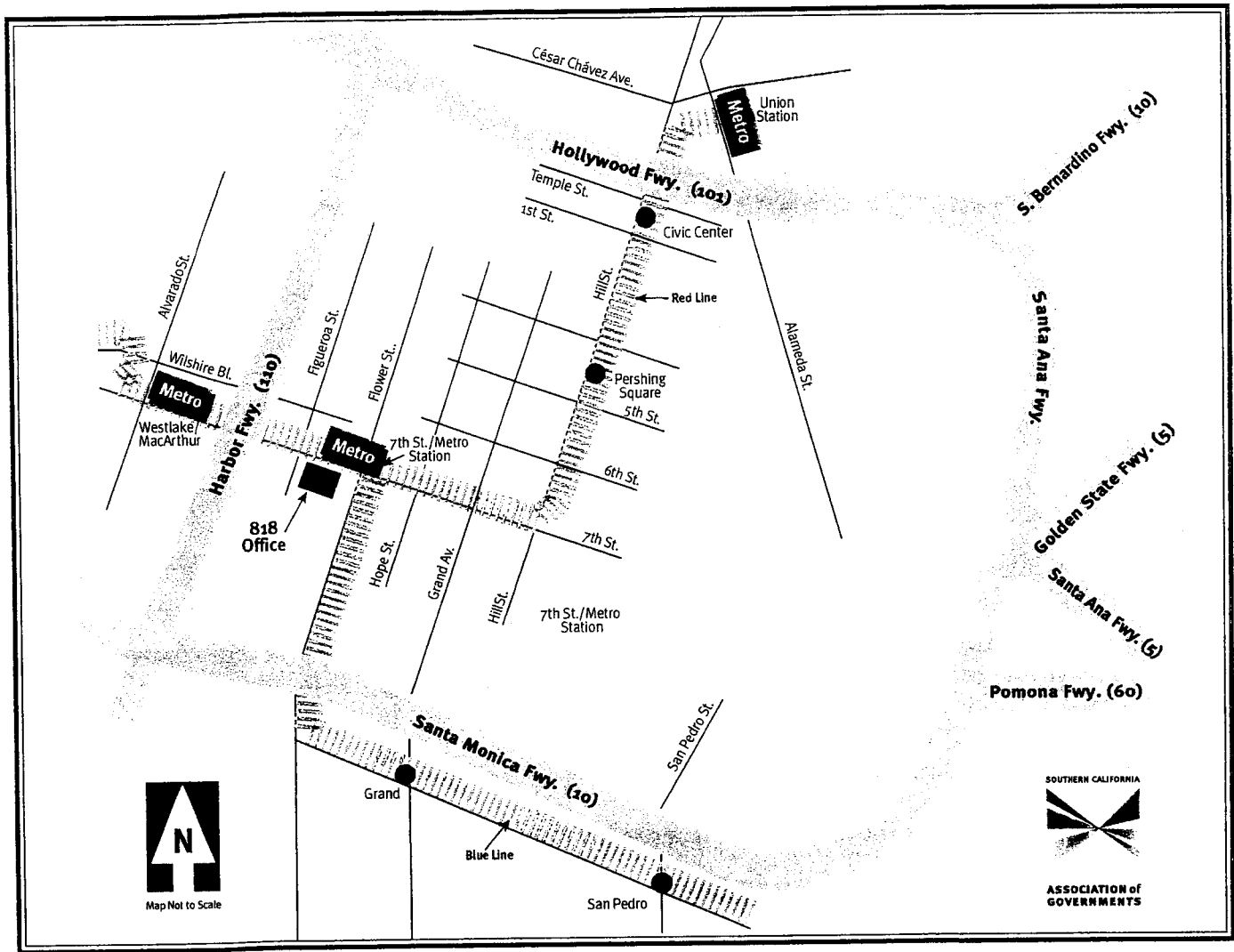
MAP & AGENDA ENCLOSED

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Cathy Alvarado at 213.236.1896 or alvarado@scag.ca.gov.

Agendas and Minutes are available on the web
@ www.scag.ca.gov

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. If you require such assistance, please contact SCAG at (213) 236-1868 at least 72 hours in advance of the meeting to enable SCAG to make reasonable arrangements. To request documents related to this document in an alternative format, please contact (213) 236-1868.

How to get to the Southern California Association of Governments



To Get to the 818 Building

- Harbor Freeway (110) Exit on 6th Street, turn right on Flower.

By Transit...

- SCAG is accessible by all **Metrolink Service** to Union Station. At transfer to the **Metro Red Line** (free transfer with Metrolink ticket) and get off at 7th and Metro Station. **Metro Line Service** to SCAG is also available from Alvarado Station.
- SCAG is accessible by the **Blue Line**. Get off at 7th and Metro Station.
- SCAG is served directly by **DASH Routes A and B. Bus Service** via MTA, Foothill, Santa Monica, Orange County is available to downtown. Call 1-800-Commute for details.

SCAG Main Office:

818 West 7th Street 12th Floor Los Angeles, CA 90017-3435 (213) 236-1800 fax: (213) 236-1825



ASSOCIATION of
GOVERNMENTS

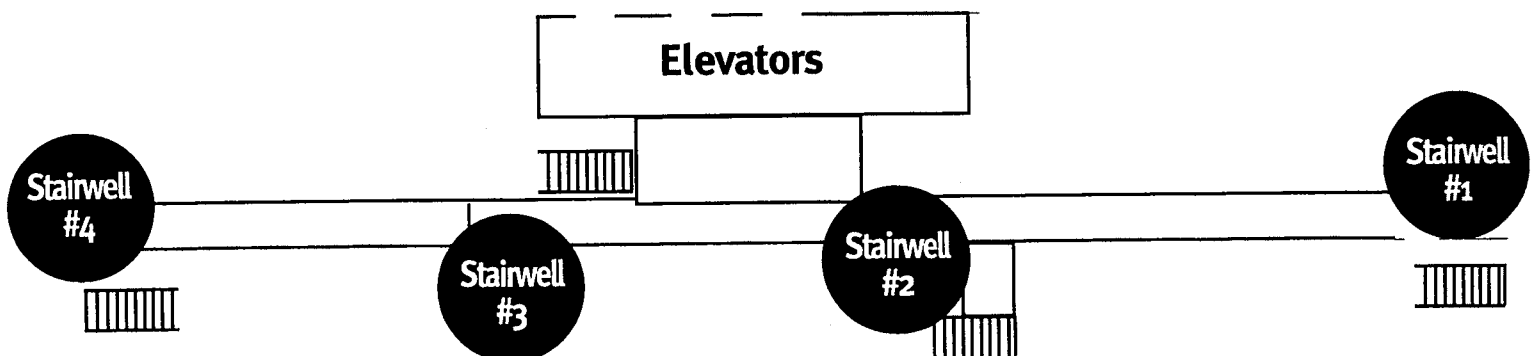
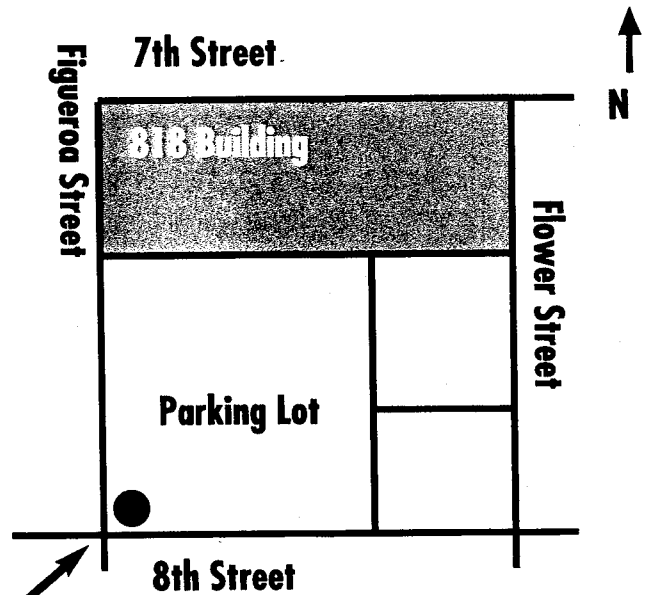
Rev. 12/30/97

Emergency Evacuation Procedures:

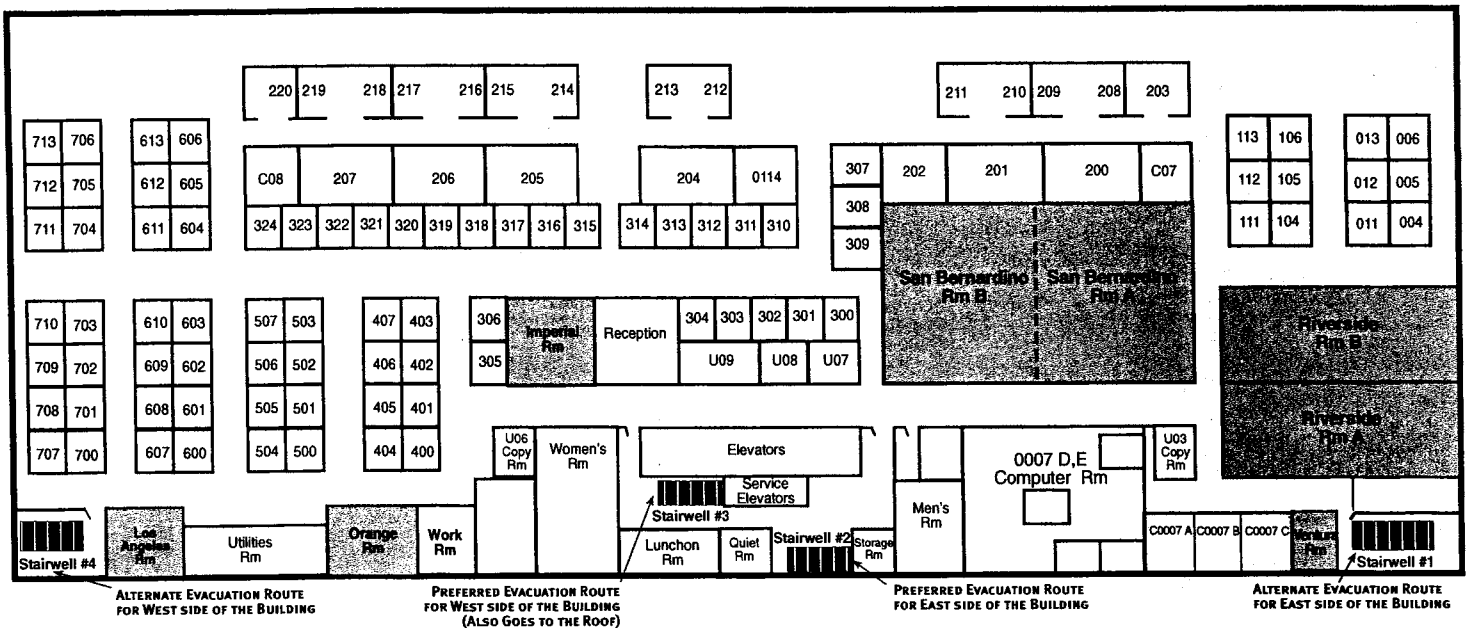
- 1) SCAG offices will always totally evacuate when an alarm sounds, even if it is thought to be a false alarm.
- 2) The evacuation stairwells are shown below and on the maps on the back side of this flyer. The preferred evacuation stairwells are #2 and #3.
- 3) Take the stairs to the ground floor. Upon exiting the building walk to the corner of 8th and Figueroa and meet at the Northeast corner. See dot in the map to the right. Do not leave the area without making contact with a floor warden, who will be wearing an orange vest.
- 4) SCAG safety officers will be wearing an orange vest during an emergency. Please follow their instructions.

Note that only stairwell #3 goes to the roof. Do not evacuate to the roof unless instructed to by Floor Wardens or Fire Department Personnel.

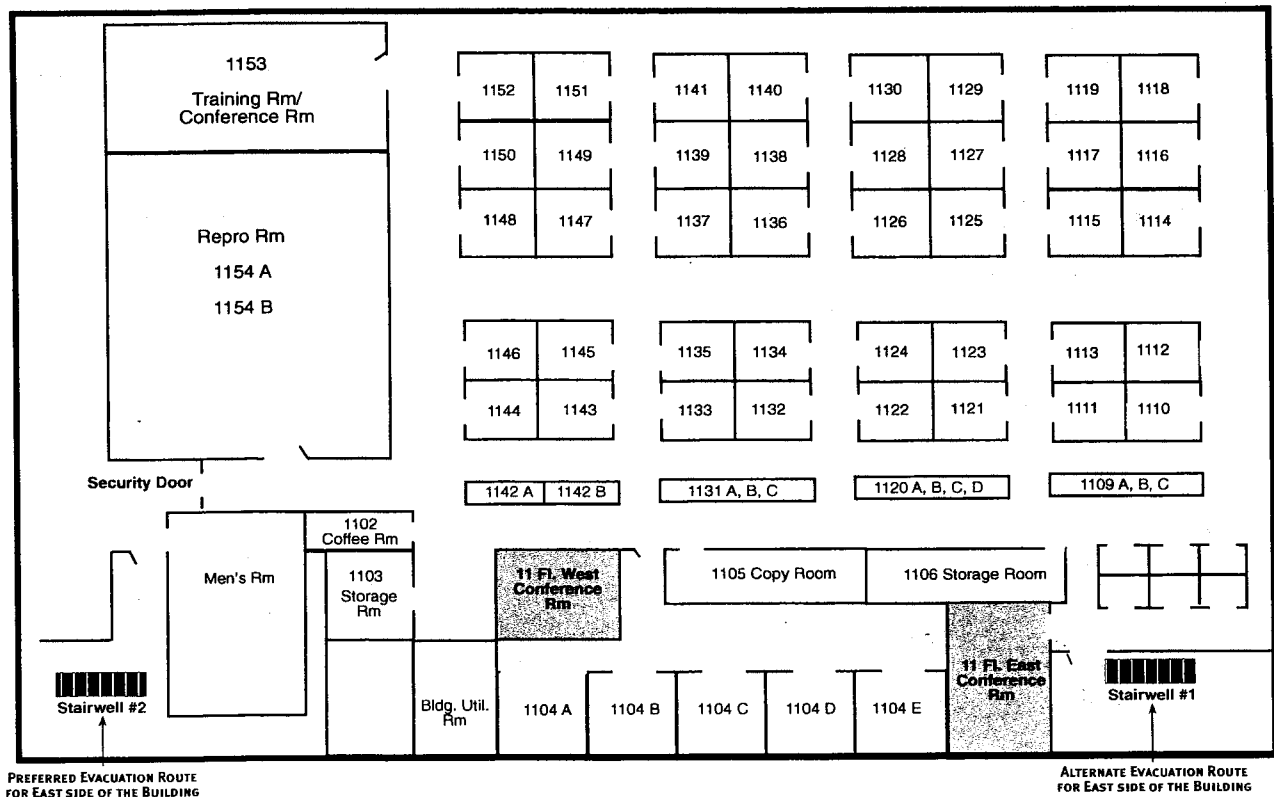
Upon meeting at 8th and Figueroa, roll will be taken. Do not leave the area without making contact with a floor warden, who will be wearing an orange vest.



SCAG Offices Floor Plan & Emergency Exits on the 12th Floor



SCAG Offices Floor Plan & Emergency Exits on the 11th Floor



TRANSPORTATION & COMMUNICATIONS COMMITTEE

AGENDA

	PAGE #	TIME
1.0 <u>CALL TO ORDER</u>		
2.0 <u>PUBLIC COMMENT PERIOD</u> Members of the public desiring to speak on an agenda item or items not on the agenda, but within the purview of this committee, must fill out a speaker's card prior to speaking and submit it to the Staff Assistant. A speaker's card must be turned in before the meeting is called to order. Comments will be limited to three minutes. The Chair may limit the total time for comments to twenty (20) minutes. When you are called to speak, please come forward and state your name for the record.		
3.0 <u>CONSENT CALENDAR</u>		
3.1 <u>Approval Items</u>		
3.1.1 <u>Approve Minutes of August 5, 2004 Attachment</u>	1	
3.2 <u>Receive and File</u>		
3.2.1 <u>Intergovernmental Review Report (IGR)</u> The Intergovernmental Review Clearinghouse Report is available on SCAG's web page. Copies of the report are available upon request at SCAG.		
3.2.2. <u>SCAG Legislative Matrix Attachment</u>	8	

TRANSPORTATION & COMMUNICATIONS COMMITTEE

AGENDA

		PAGE #	TIME
4.0	<u>ACTION ITEMS</u>		
4.1	<u>Draft 2004 Regional Transportation Improvement Program (RTIP)</u> Attachment to be mailed separately	Hasan Ikhrata, Director, Planning & Policy, SCAG	20 minutes
	Staff will provide an update on the Draft 2004 RTIP and seek TCC's direction. Recommended Action: Recommend Regional Council adoption of Resolution #04-453-1.		
4.2	<u>Maglev 2004 Conference, Shanghai</u> Attachment	Zahi Faranesh, Special Projects, SCAG	18 5 minutes
	Shanghai will be hosting the 2004 Maglev Conference from October 15-18. Recommended Action: Approve sending SCAG representatives to this event.		
5.0	<u>INFORMATION ITEMS</u>		
5.1	<u>Logistics and Distribution: An Answer to Regional Upward Social Mobility</u> Attachment	John E. Husing, Ph.D. President, Economics & Politics, Inc.	27 25 minutes
	This specially-commissioned SCAG report explores the structure of the logistics and distribution industries and their potential to enhance regional upward social mobility in the SCAG region.		

TRANSPORTATION & COMMUNICATIONS COMMITTEE

AGENDA

			PAGE #	TIME
5.0	<u>INFORMATION ITEMS (cont.)</u>			
5.2	<u>Watch the Road Attachment</u> Staff will review a major safety campaign underway in the region.	Luz Echavarria, Project Manager, LADOT	64	5 minutes
5.3	<u>State Transportation Funding Attachment</u> Mr. Bauer will provide a brief overview of State Transportation funding issues including a review of the State's North/South allocation of funds.	Arthur Bauer, Arthur Bauer & Assoc.	67	15 minutes
5.4	<u>State and Federal Legislative Update Attachment</u> Government Affairs will provide an update of recent events in the Legislature.	Charlotte Pienkos, Govt. Affairs Analyst SCAG	70	2 minutes
5.5	<u>HOV Lane Performance Study Attachment</u> Additional Supplement Enclosed Staff will present the findings, conclusions and recommendations of the study.	Al Bowser, Lead Regional Planner, SCAG	72	5 minutes
6.0	<u>MAGLEV TASK FORCE REPORT</u>	Councilmember Lowe		
7.0	<u>CHAIR REPORT</u>			

TRANSPORTATION & COMMUNICATIONS COMMITTEE

AGENDA

PAGE #

TIME

8.0 STAFF REPORT

Rich Macias,
Manager,
Transportation
Policy & Planning,
SCAG

9.0 FUTURE AGENDA ITEMS

Any Committee members or staff desiring to place items on a future agenda may make such request. Comments should be limited to three minutes.

10.0 ANNOUNCEMENTS

11.0 ADJOURNMENT

The next meeting of the Transportation and Communications Committee is scheduled for Thursday, October 7, 2004, at the SCAG office.



TRANSPORTATION & COMMUNICATIONS COMMITTEE

ACTION MINUTES

Thursday, August 5, 2004

**SCAG Office
818 West Seventh Street, 12th Floor
Los Angeles, CA**

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE TRANSPORTATION & COMMUNICATIONS COMMITTEE. AUDIO-CASSETTE TAPE OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

The Transportation & Communications Committee of the Southern California Association of Governments held its meeting at SCAG in Los Angeles. The meeting was called to order by the Vice-Chair, Councilmember Harry Baldwin, City of San Gabriel. There was a quorum.

MEMBERS PRESENT

Voting Members Present

Steven Adams
Jim Aldinger
Harry Baldwin
Lou Bone
Art Brown
Yvonne Burke
Lawrence Dale
Gene Daniels
Richard Dixon
Judy Dunlap
Bonnie Flickinger
Frank Gurule
Robert Hernandez
Carol Herrera
Robin Lowe
Bonnie Lowenthal
Judy Mikels
Llewellyn Miller
Greg Pettis
Bea Proo
Ron Roberts
Mark Rutherford
Charles Smith
Greig Smith
Dick Stanford
Don Szerlip

City/County Representing

Riverside, WRCOG
Manhattan Beach
San Gabriel
Tustin
Buena Park
County of Los Angeles
Barstow
Paramount
Lake Forest
Inglewood
Moreno Valley, WRCOG
Cudahy
Anaheim
Diamond Bar
Hemet, RCTC
Long Beach
Ventura County
Claremont
Cathedral City, CVAG
Pico Rivera
Temecula, WRCOG
Westlake Village
County of Orange, OCTA
Los Angeles
Azusa
South Bay Cities COG

Paul Talbot
Sidney Tyler

Alhambra
Pasadena

Voting Members Absent

Glen Becerra
Paul Biane
Tom Buckley
George Cole
Bill Davis
Cathryn DeYoung
John Fasana
Lee Ann Garcia, **Chair**
Gary George
Isadore Hall
Peter Herzog
Tim Keenan
Patsy Marshall
Keith Millhouse
Mark Nuaimi
Pam O'Connor
Gary Ovitt
Will Pieper
Tod W. Ridgeway
Cameron Smyth
David A. Spence
Tom Sykes
Tonia Reyes Uranga

Representing

Simi Valley
County of San Bernardino
Lake Elsinore
Bell, Gateway Cities COG
Simi Valley, VCTC
Laguna Niguel
Durate
Grand Terrace
Redlands, SANBAG
Compton
Lake Forrest
Cypress
Buena Park
Moorpark
Fontana, SANBAG CTC
Santa Monica
Ontario
Desert Hot Spring, CVAG
Newport Beach
Santa Clarita, North LA County
Arroyo Verdugo Cities
Walnut
Long Beach

Voting Members, Not Elected Officials Present

James McCarthy

Representing

Caltrans, Los Angeles

Voting Members, Not Elected Officials Absent

Board Member
Rotating Board Member

Representing

California, DOT
Air Resources Board

Transportation Commissions – Vacant

Los Angeles County Metropolitan Transportation Authority

New Members

Tom Buckley, Lake Elsinore
Mark Rutherford, Westlake Village
Jim Aldinger, Manhattan Beach
Don Szerlip, Redondo Beach

1.0 CALL TO ORDER

Vice-Chair Harry Baldwin called the meeting to order at 10:38 a.m.

2.0 PUBLIC COMMENT PERIOD

Note Public Comments following Information Items 5.1 and 5.2

3.0 CONSENT CALENDAR

3.1 Approval Items

4.1.1. June 3, 2004 Meeting Minutes

Minutes were corrected to reflect that Greg Pettis, Cathedral City, was not present at the June meeting.

3.2 Receive and File

3.2.1 Intergovernmental Review Clearinghouse Reports

3.2.2 SCAG Legislative Matrix

3.2.3 Regional Transportation Plan Checklist

MOTION was made to approve the consent calendar items, SECONDED, and UNANIMOUSLY APPROVED.

4.0 ACTION ITEMS

4.1 Draft 2004 Regional Transportation Improvement Program (RTP)

Hasan Ikhata, SCAG staff, began the presentation by stating that Staff could not seek the Committee's approval of the TIP because it does not meet all the requirements. Therefore, Staff was seeking a different action. He then stated that if the TIP was not approved by October 4, 2004 there will be a conformity lapse. This will mean that the Region cannot move forward with \$850 million dollars worth of projects. A significant amount of money cannot be spent if there is a lapse. There are five requirements that have to be met to have a conforming TIP. 1) The Regional Transportation Improvement Program has to be consistent with the Regional Transportation Plan that the Committee adopted. In this case we still cannot say that we meet this requirement. 2) A regional Emissions Analysis needs to be performed. This requirement has been met. 3) We need to be financially constrained, we need to show that we have the money to build the projects that we say we are going to build. As of today we do not meet this requirement. 4) We also have to show that we are

implementing transportation control measures, that we are implementing them on time and that we can guarantee that they will be on the ground when we said they are going to be. This is yet to be done. 5) We are required to do inter-agency consultation. Processes are in place like the RTAC, which meets this requirement. Consequently, three out of the five requirements have not been met.

Mr. Ikhata then went on to state that for staff to come before the committee and advise them to approve the TIP and submit it to the federal agencies, there needs to be answers backed by actions by the respective boards and commissions. They need to say that they will divert the funds to build the projects. If this does take place, at that time we can work with the federal agencies to overcome any future obstacles. In the short-term one needs to be satisfied that this project will be funded and implemented. Mainly, MTA needs to respond to three out of the seven projects in MTA. Whether they have the money, when are they going to get the money, and whether they are going to divert some money to build these projects. Staff cannot come before the committee today for approval of the TIP because we do not have these answers, which makes us out of conformity as of today. Staff is requesting a few more weeks to do interagency consultation with the county commissions involved. To see that the county commissions staff and boards take appropriate actions to make sure these TCMs are given priority and funded.

Mr. Ikhata went on to state that as of October 4th, two months from now, we will lapse if we don't have an approved TIP. We cannot submit something to the federal agencies unless it is backed by a board action saying that we are going to be receiving the money.

The main obstacles to adopting the RTIP is the \$559 million shortfall for TCM (Transportation Control Measure) projects, which include the San Fernando Bus Rapid Transit project, and HOV lanes on the I-5 between the SR-134 and SR-170 among others. SCAG is looking for the LACMTA to provide direction as to their funding priorities. Staff will work with MTA staff in the coming weeks to have this take place.

Other strategies that need to be worked on that are very significant for the region is the North-South split, the allocation. You are all familiar with the Bay Bridge and how much money our region lost as a result of that. This directly led to the fact that we don't have enough money to do a lot of projects. We need to head up efforts in Sacramento to make sure our region gets their share of funds.

Another strategy that needs to be focused on are the ballot initiatives. If you recall, in the 2004 RTP we stated that MTA was going to move forward with a half-cent sales tax, which would support the Crenshaw Corridor to be specific. We hope that this move forward would also support other projects out of the nine in the MTA.

If in the next few weeks we can not resolve the issues to our satisfaction we will be out of conformity come October 4th. What will we need to do if this happens? There are a few choices. One option is to submit an interim TIP that would list all the TCMs we are not able to fund (the nine that would take priority over others, plus the other projects that are safety or operational improvements). This interim TIP would then be the document for implementing projects in the region. Putting an interim TIP forth, however, will make the TIP and the RTP inconsistent; the Regional Transportation Plan will have to be amended. This process will take from six months to a year to implement.

Mr. Ikhrata then asked the committee to grant staff additional time to seek out consultation and then bring the RTIP back for discussion. He also requested that the SCAG President transmit a letter to Caltrans asking them in case we overcome the obstacles in front of us today, that they do a concurrent review with the federal agencies so we won't lose thirty days as that is what the law requires.

Motion was made to extend the item. Motion was MOVED, SECONDED, and UNANIMOUSLY APPROVED to extend the 2004 RTIP adoption by a month.

5.0 INFORMATION ITEMS

5.1 Proposed LAX Master Plan Alternatives

Michael Armstrong, SCAG Staff, presented a summary of LAX Master Plan alternatives being proposed by Councilmembers Miscikowski and Parks.

Public Comment

Mr. Denny Schneider, representing the Alliance for a Regional Solution to Airport Congestion, commented on the organization's opposition to Alternative D. He urged the Committee to support Alternative E-1 to keep the basic design of LAX intact, fix the broken aspects and make security/safety upgrades.

5.2 State and Federal Legislative Update

Staff provided updates on state and federal legislative measures to facilitate innovative financing project delivery. MTA and OCTA expressed the need for additional time to review and consult on specific provisions of legislation.

Staff also provided updates on Tribal Gaming Compacts and Prop. 68 and 70 with respect to transportation funding as well as an update on reauthorization TEA-21 and Federal appropriations.

Public Comment

Information Item 5.2 (A), Innovative Financing and Project Delivery

Mr. Michael Turner, representing Metro Transit Authority, commented on MTA's opposition to SCAG's pursuing legislation at both the state and federal level to facilitate the use of innovative financing and project delivery for regional transportation projects.

Ms. Kecia Washington, representing the Orange County Transportation Authority, commented that OCTA's concerns are that the CTC's had just recently become involved in the review process in the past couple of month's as they had not been asked to participate previously. OCTA feels that the proposal does have merit, but feel that they need more time to review it. It would benefit from the full legislative process by not trying to rush it through a conference committee process at the last minute, to make sure what is being crafted is going to accomplish the goals we are seeking.

5.3 Alternative Fuels

Brett Sears, SCAG Staff, provided an update on SCAG's policy on alternative fuels.

5.4 Watch the Road

This item was not presented due to an insufficient amount of time

6.0 MAGLEV TASK FORCE REPORT

Councilmember Lowe reported that she is the new Chair of the force and Lou Bone will be the Vice-Chair.

7.0 CHAIR REPORT

No report at this time.

8.0 STAFF REPORT

No report at this time.

9.0 FUTURE AGENDA ITEMS

Watch the Road and an update on RTIP

10.0 ANNOUNCEMENTS

No announcements

11.0 ADJOURNMENT

Vice-Chair Baldwin adjourned the meeting at 12:12 p.m.

The next committee meeting will be held on

September 2, 2004, 10:30 a.m., at the SCAG Office.

A handwritten signature in black ink, appearing to read 'Annie Nam', is written over a horizontal line.

Annie Nam, Acting Manager
Transportation Planning &
Programming Division

MEMO

DATE: September 2, 2004

TO: Transportation and Communications Committee

FROM: Charlotte Pienkos, Government Affairs Analyst
Phone: (213) 236-1811 E-Mail: eckelbec@scag.ca.gov

SUBJECT: State Legislative Matrix

SUMMARY:

Attached to this memorandum are the bills and constitutional amendments of interest to the Transportation and Communications Committee.

With the passage of a state budget, committees have again taken up work on legislation and the legislative session is quickly reaching its end. As of this writing on August 12th, fiscal committees have one more day to hear bills. As of the 16th, bills may only be heard on the floor through the 31st, which is the last day for each house to pass bills. Recess begins upon adjournment. From August 31st through September 30th, the Governor may sign or veto bills passed and in his possession by September 1st. Consequently, we will know at the September 2nd meeting of the committee which bills passed, although we will not know what bills may yet be vetoed.

CAP#98918



Private file: Transit

CA AB 1320	AUTHOR:	Dutra (D)
	TITLE:	Transit Village Plan: Design
	FISCAL COMMITTEE:	no
	URGENCY CLAUSE:	no
	INTRODUCED:	02/21/2003
	ENACTED:	05/19/2004
	LOCATION:	Chaptered
	CHAPTER:	1320
	SUMMARY:	Relates to the Transit Village Development Planning Act. Requires the transit village plan to include all land within not less than 1/4 mile of the exterior boundary of the parcel on which is located a transit station that would be defined by this legislation to mean a rail station, ferry terminal, bus hub, or bus transfer station. Requires the plan to include any 5 of the specified demonstrable public benefits.
	STATUS:	
	05/20/2004	Chaptered by Secretary of State. Chapter No. 1320
	Subject:	HS-Rail, Housing, Transit
CA SB 1759	AUTHOR:	Denham (R)
	TITLE:	Transportation: Finance
	FISCAL COMMITTEE:	yes
	URGENCY CLAUSE:	no
	INTRODUCED:	02/20/2004
	LAST AMEND:	04/01/2004
	LOCATION:	Senate Transportation Committee
	SUMMARY:	Deletes the requirement that money deposited in the State Highway Account in the State Transportation Fund that is not subject to constitutional requirements to be used for any transportation purpose be transferred to the Public Transportation Account in the State Transportation Fund. Includes money derived from the sale of buildings and other real property within the description of items not subject to constitutional requirements.
	STATUS:	
	04/27/2004	In SENATE Committee on TRANSPORTATION: Failed passage.
	04/27/2004	In SENATE Committee on TRANSPORTATION: Reconsideration granted.
	Position:	CALCOG-Sup

Private file: Transportation

CA AB 204	AUTHOR:	Nation (D)
	TITLE:	Motor Vehicles: Environmental Impacts
	FISCAL COMMITTEE:	yes
	URGENCY CLAUSE:	no
	INTRODUCED:	01/28/2003
	LAST AMEND:	01/22/2004
	LOCATION:	Senate Transportation Committee
	SUMMARY:	Establishes a new subaccount, the Motor Vehicle Mitigation subaccount, within the San Francisco Bay Area Conservancy Program account. Authorizes the conservancy to request the Department of Motor Vehicles to collect a fee upon the registration or renewal of a motor vehicle in certain counties. Requires the use of funds for projects and grants in those counties that prevent, reduce, remediate or mitigate the adverse impacts of motor vehicles.
	STATUS:	
	06/29/2004	In SENATE Committee on TRANSPORTATION: Failed passage.
	06/29/2004	In SENATE Committee on TRANSPORTATION: Reconsideration granted.
	Subject:	Environment, Revenue/Bond, Transport
CA AB 775	AUTHOR:	Parra (D)
	TITLE:	Highways: Federal Funding of Safety Projects
	FISCAL COMMITTEE:	yes
	URGENCY CLAUSE:	no
	INTRODUCED:	02/19/2003
	LAST AMEND:	05/24/2004
	LOCATION:	Senate Transportation Committee

SUMMARY:

Changes the repeal date after which time the federal transportation funds received by the State would be spent for highway purposes other than projects for bicycle and pedestrian safety and traffic calming measures in high-hazard areas. Extends the operation of provisions requiring the Department of Transportation to establish and administer a Safe Routes to School construction program and to use federal funds therefor.

STATUS:

05/24/2004 From SENATE Committee on TRANSPORTATION with author's amendments.
 05/24/2004 In SENATE. Read second time and amended. Re-referred to Committee on TRANSPORTATION.
Position: CSAC-Pending

CA AB 1663

AUTHOR: Dutra (D)
TITLE: Vehicle Additional Registration Fees
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2003
LAST AMEND: 07/01/2004
FILE: 137
LOCATION: Assembly Unfinished Business - Concurrence in Senate Amendments
SUMMARY:

Relates to the additional fees charged on all commercial motor vehicles for vehicle registration used for vehicle theft crime programs, to extend the repeal date for such fees. Requires each participating county to issue a fiscal year-end report to the Controller, summarizing certain matters. Provides if a county fails to submit the report, the authority to collect the fee would be suspended. Requires the review of such reports to determine if the fee revenues are being utilized as required.

STATUS:

08/09/2004 In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY for concurrence.
Position: League-Sup

CA AB 2024

AUTHOR: Bermudez (D)
TITLE: Ports: Transportation Network
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/13/2004
LAST AMEND: 07/28/2004
FILE: 187
LOCATION: Senate Third Reading File
SUMMARY:

Requires the ports of Los Angeles and Long Beach to evaluate changes in goods movement network to gauge adherence by these ports to certain state goals relative to utilization of and congestion at ports and to collect statistics regarding compliance with federal, state and local efforts to achieve certain related objectives and to report to the Business, Transportation and Housing Agency, the Office of Goods Movement and the legislative committees on transportation.

STATUS:

08/09/2004 In SENATE. Read second time. To third reading.
NOTES: Bermudez Staff: Paul Gonsalves (916) 319-2056
COMMENTARY:
 Similar to AB 2041 (Lowenthal).

CA AB 2032

AUTHOR: Dutra (D)
TITLE: HOT Lanes: Demonstration Projects
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/13/2004
LAST AMEND: 07/27/2004
FILE: 163
LOCATION: Senate Third Reading File
SUMMARY:

Authorizes the San Diego Association of Governments, the Sunol Smart Carpool Lane Joint Powers Authority, the Santa Clara Valley Transportation Authority and the Alameda County Congestion Management Agency to undertake value pricing programs involving various HOT

lanes under the jurisdiction of these sponsoring agencies. Requires a portion of the funding from tolls to be used for construction of high occupancy vehicle facilities and the improvement of transit services.

STATUS:

08/09/2004

In SENATE. Read second time. To third reading.

Position:

CALCOG-Sup

CA AB 2041

AUTHOR:

Lowenthal (D)

TITLE:

Ports: Congestion

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/17/2004

LAST AMEND:

05/06/2004

COMMITTEE:

Senate Appropriations Committee

HEARING:

08/12/2004 8:30 am

SUMMARY:

Establishes the Port Congestion Management District governed by a board consisting of members appointed by, and serving indefinite terms at the pleasure of, the Secretary of Business, Transportation and Housing. Requires the board to establish a charge for the privilege of transporting cargo by commercial motor vehicle into or out of the Port of Los Angeles or the Port of Long Beach. Establishes a Port Congestion Management Fund. Requires certain reports from such ports.

STATUS:

08/04/2004

In SENATE Committee on APPROPRIATIONS: To Suspense File.

NOTES:

Lowenthal Staff: Josh Tooker (916) 319-2054

COMMENTARY:

Similar to AB 2024 (Bermudez).

CA AB 2043

AUTHOR:

Lowenthal (D)

TITLE:

Maritime Port Strategic Master Plan Task Force

FISCAL COMMITTEE:

no

URGENCY CLAUSE:

no

INTRODUCED:

02/17/2004

LAST AMEND:

07/07/2004

FILE:

192

LOCATION:

Assembly Unfinished Business - Concurrence in Senate Amendments

SUMMARY:

Requires the California Marine and Intermodal Transportation System Advisory Council to meet on an unspecified basis, hold public hearings, and compile data on certain issues relating to the growth and congestion of maritime ports. Requires the council to compile specified information and submit findings to the Legislature on methods to better manage that growth and the environmental impact of moving goods through ports.

STATUS:

08/10/2004

In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY for concurrence.

NOTES:

Lowenthal Staff: Josh Tooker (916) 319-2054

CA AB 2372

AUTHOR:

Correa (D)

TITLE:

State Transportation Improvement Program

FISCAL COMMITTEE:

no

URGENCY CLAUSE:

no

INTRODUCED:

02/19/2004

LAST AMEND:

04/20/2004

LOCATION:

Assembly Transportation Committee

SUMMARY:

Relates to the State Transportation Improvement Program. Requires a regional agency requesting a reserve of funds in a future county share period to identify the year in which a transportation capital improvement project will be programmed.

STATUS:

04/26/2004

In ASSEMBLY Committee on TRANSPORTATION: Not heard.

NOTES:

Correa Staff: John Scribner (916) 319-2069

COMMENTARY:

Sponsored by OCTA; opposed by VCTC.

CA AB 2456

AUTHOR:

Spitzer (R)

TITLE: Regional Transportation Improvement Programs
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/19/2004
LAST AMEND: 05/04/2004
LOCATION: Assembly Appropriations Committee
SUMMARY:

Authorizes a transportation planning agency or county transportation commission to request and receive an portion of it s regional improvement fund expenditures for the purpose of project planning, programming and monitoring, such entities not receiving federal metropolitan planning funds may request and receive a larger portion for those expenditures. Provides the amount of funds that may be requested and received for project development and delivery.

STATUS:
 05/19/2004 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.

NOTES: Spitzer Staff: Dane Wadle (pron. Wadley) (916) 319-2071

COMMENTARY:
 Sponsored by OCTA; spot bill.

CA AB 2628

AUTHOR: Pavley (D)
TITLE: Vehicles: Preferential Lanes
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/20/2004
LAST AMEND: 07/15/2004
COMMITTEE: Senate Appropriations Committee
HEARING: 08/12/2004 8:30 am
SUMMARY:

Includes a 2004 model year ultra-low emission vehicle and a hybrid vehicle that meets the State's advanced technology partial zero-emission vehicle standard for criteria pollutant emissions and has a 45 miles per gallon or greater fuel economy highway rating and a hybrid vehicle that was produced during the 2004 model year or earlier and has a 45 miles per gallon or greater fuel highway rating and ultra- and super ultra-low emission vehicles to list of vehicle using HOV lanes.

STATUS:
 08/04/2004 In SENATE Committee on APPROPRIATIONS: To Suspense File.
Position: CALCOG-Opp

CA AB 2847

AUTHOR: Oropeza (D)
TITLE: Gasoline and Motor Vehicle Diesel Fuel Fee
FISCAL COMMITTEE: yes
URGENCY CLAUSE: yes
INTRODUCED: 02/20/2004
LAST AMEND: 04/27/2004
LOCATION: Assembly Appropriations Committee
SUMMARY:

Imposes a fee of an unspecified amount on each gallon of gasoline subject to the Motor Vehicle Fuel License Tax Law and each gallon of motor vehicle diesel fuel subject to the Diesel Fuel Tax Law. Provides the revenues from the fee would be deposited in the Highway Fee Fund created by the bill. Requires revenues from the fee to be used only to finance the maintenance, operation and improvement of the state highway and local street and road system.

STATUS:
 05/19/2004 In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.
 05/19/2004 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.

NOTES: Oropeza Staff: Andrew Antwih (916) 319-2093

COMMENTARY:
 Consistent with 2001 and 2004 RTP financing strategies in that it provides additional transportation revenue within RTP planning horizon.
Position: CALCOG-OppUnlesAmend

CA AB 2880

AUTHOR: Pavley (D)
TITLE: Vehicles: Registration: Fees: Increase
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no

INTRODUCED: 02/20/2004
LAST AMEND: 07/15/2004
COMMITTEE: Senate Appropriations Committee
HEARING: 08/12/2004 8:30 am
SUMMARY:

Increases the motor vehicle registration surcharge that offsets the costs of the Carl Moyer Memorial Air Quality Standards Attainment Program for projects to reduce oxides of nitrogen from heavy-duty mobile sources and the Voluntary Accelerated Light-Duty Vehicle Retirement Program that provide incentives for the retirement of passenger motor vehicles. Requires the Sacramento Metropolitan Air Quality Management District to use the funds for air quality improvements. Relates to school buses.

STATUS:

08/04/2004 In SENATE Committee on APPROPRIATIONS: To Suspense File.

CA AB 3047

AUTHOR: Assembly Transportation Committee
TITLE: Transportation
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 03/01/2004
LAST AMEND: 07/15/2004
COMMITTEE: Senate Appropriations Committee
HEARING: 08/12/2004 8:30 am
SUMMARY:

Authorizes the Transportation Commission to relinquish portions of certain highways to specified local agencies. Revises projects supported by the toll surcharge on bay area toll bridges. Relates to the statement on a smog certificate upon the transfer of a motor vehicle. Relates to provisions governing the traffic violation point system. Relates to the provisions governing the fee for abatement of abandoned vehicles. Relates to placards and plates for disabled persons.

STATUS:

08/04/2004 In SENATE Committee on APPROPRIATIONS: To Suspense File.

CA AB 3048

AUTHOR: Oropeza (D)
TITLE: Transportation Financing: Alternate Methods
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 03/01/2004
LAST AMEND: 06/22/2004
FILE: 71
LOCATION: Assembly Unfinished Business - Concurrence in Senate Amendments
SUMMARY:

States the intent of the Legislature to explore the use of alternative financing methods for transportation projects.

STATUS:

07/12/2004 In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY for concurrence.

CA ACA 21

AUTHOR: Bogh (R)
TITLE: Motor Vehicle Fuel Sales Tax Revenue
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 01/07/2004
LOCATION: Assembly Transportation Committee
SUMMARY:

Provides for a State Constitutional Amendment that would change the vote requirement to 4/5 of the membership of each house of the Legislature in order to enact a statute suspending in whole or in part the transfer of motor vehicle fuel sales tax revenue from the General Fund to the Transportation Investment Fund.

STATUS:

06/21/2004 In ASSEMBLY Committee on TRANSPORTATION: Failed passage.

NOTES: Spitzer Staff: Dane Wadle (pron. Wadley) (916) 319-2071

COMMENTARY:

ACA 21 restricts reallocation of Proposition 42 transportation revenues but does not prohibit reallocation. 2004 RTP calls for amendment to prohibit reallocation.

CA ACA 24

AUTHOR: Dutra (D)

TITLE: Transportation Investment Fund: Loans
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/13/2004
LAST AMEND: 04/29/2004
LOCATION: Assembly Appropriations Committee
SUMMARY:

Proposes an amendment to the Constitution to authorize the Legislature to loan funds in the Transportation Investment Fund to the General Fund or any other state fund or account or to local agencies, under conditions that are similar to conditions applicable to loans of revenue already in the Constitution.

STATUS:

05/19/2004 In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.
 05/19/2004 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.

NOTES: Dutra Staff: Mr. Chris Tapio (916) 319-2020

COMMENTARY:

Similar measure to SCA 7 (Murray), a measure supported by the RC in 2003 that requires the repayment of transportation funds loaned to the General Fund with interest. 2004 RTP calls for prohibition against reallocation of transportation revenues.

Position: CALCOG-Sup, CSAC-Sup

CA ACA 29

AUTHOR: Harman (R)
TITLE: Transportation Investment Fund
FISCAL COMMITTEE: no
URGENCY CLAUSE: no
INTRODUCED: 03/11/2004
LOCATION: Assembly Appropriations Committee
SUMMARY:

Proposes a constitutional amendment that would delete the provision authorizing the Governor and the Legislature to suspend the transfer of revenues from the General Fund to the Transportation Investment Fund for a fiscal year during a fiscal emergency.

STATUS:

05/19/2004 In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.
 05/19/2004 In ASSEMBLY Committee on APPROPRIATIONS: Heard, remains in Committee.

COMMENTARY:

ACA 29 is consistent with the 2004 adopted RTP.

Position: SCAG-Sup 04/15/2004

CA SB 924

AUTHOR: Karnette (D)
TITLE: Global Gateways Development Council
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 02/21/2003
LAST AMEND: 06/24/2004
COMMITTEE: Assembly Appropriations Committee
HEARING: 08/12/2004 8:30 am
SUMMARY:

Establishes the Global Gateways Development Council in Business, Transportation and Housing Agency, to review and collect data and information concerning the needs of commercial transportation and to advise the Legislature, the agency, the Transportation Commission, and regional transportation planning agencies in that regard. Requires the council to report annually to the Governor on the condition of the State's goods movement transportation system.

STATUS:

08/04/2004 In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.

CA SB 1087

AUTHOR: Soto (D)
TITLE: Highways: Safe Routes To School Construction
FISCAL COMMITTEE: yes
URGENCY CLAUSE: no
INTRODUCED: 01/05/2004
LAST AMEND: 06/24/2004
COMMITTEE: Assembly Appropriations Committee
HEARING: 08/12/2004 8:30 am

SUMMARY:

Extends the repeal date of projects for the improvement of highway safety and the reduction of traffic congestion. Extends the operation of the Safe Routes to School construction program.

STATUS:

08/04/2004

In ASSEMBLY Committee on APPROPRIATIONS: To Suspense File.

Position:

CSAC-Watch

CA SB 1210

AUTHOR:

Torlakson (D)

TITLE:

Transportation Financing: Alternate Methods

FISCAL COMMITTEE:

no

URGENCY CLAUSE:

no

INTRODUCED:

02/10/2004

LAST AMEND:

06/23/2004

FILE:

288

LOCATION:

Assembly Third Reading File

SUMMARY:

Authorizes the Department of Transportation to conduct a pilot project to let design-sequencing contracts for the design and construction of not more than 12 transportation projects, to be selected by the Director of Transportation.

STATUS:

06/29/2004

In ASSEMBLY. Read second time. To third reading.

CA SB 1507

AUTHOR:

Burton (D)

TITLE:

Transportation Financing

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/19/2004

LAST AMEND:

04/14/2004

FILE:

A-58

LOCATION:

Assembly Inactive File

SUMMARY:

Relates to moneys in the State Highway Account and the State Transportation Fund pledged for issuing federal highway grant anticipation notes, defining of eligible project for purpose of accelerated construction by the State Transportation Commission, the prohibition of the State Treasurer from authorizing the issuance of notes related to federal transportation funds.

STATUS:

07/28/2004

In ASSEMBLY. From third reading. To Inactive File.

CA SB 1614

AUTHOR:

Torlakson (D)

TITLE:

Motor Vehicle Fuel License Taxes: Diesel Fuel Tax

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/20/2004

LAST AMEND:

04/29/2004

LOCATION:

Senate Transportation Committee

SUMMARY:

Imposes a storage tax equal to the increase in tax on each gallon of tax paid on motor vehicle and diesel fuel, in storage. Provides that a portion of the amounts collected under the Motor Vehicle Fuel License Tax Law and the Diesel Fuel Tax Law are continuously appropriated for specified purposes.

STATUS:

05/04/2004

In SENATE Committee on TRANSPORTATION: Not heard.

NOTES:

Torlakson Staff: Robert Oakes (916) 445-6083

COMMENTARY:

Similar to AB 2847 (Oropeza), which also imposes a gas fee. Consistent with adopted 2001 and 2004 RTP financing strategies in that it provides additional transportation revenues within the planning horizon.

Position:

CALCOG-OppUnlesAmend, CSAC-Pending

CA SB 1759

AUTHOR:

Denham (R)

TITLE:

Transportation: Finance

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/20/2004

LAST AMEND:

04/01/2004

LOCATION: Senate Transportation Committee**SUMMARY:**

Deletes the requirement that money deposited in the State Highway Account in the State Transportation Fund that is not subject to constitutional requirements to be used for any transportation purpose be transferred to the Public Transportation Account in the State Transportation Fund. Includes money derived from the sale of buildings and other real property within the description of items not subject to constitutional requirements.

STATUS:

04/27/2004

In SENATE Committee on TRANSPORTATION: Failed passage.

04/27/2004

In SENATE Committee on TRANSPORTATION: Reconsideration granted.

Position:

CALCOG-Sup

CA SB 1793

AUTHOR:

McPherson (R)

TITLE:

Public Contracts: Design-Build Contracting

FISCAL COMMITTEE:

no

URGENCY CLAUSE:

no

INTRODUCED:

02/20/2004

LAST AMEND:

06/23/2004

FILE:

289

LOCATION:

Assembly Third Reading File

SUMMARY:

Expresses the intent of the Legislature to explore the use of alternative methods of financing and delivering transportation projects in the state, including design build, design sequencing and various forms of private financing, including tolls.

STATUS:

06/29/2004

In ASSEMBLY. Read second time. To third reading.

CA SCA 2

AUTHOR:

Torlakson (D)

TITLE:

Local Government: Sales Taxes: Transportation

FISCAL COMMITTEE:

no

URGENCY CLAUSE:

no

INTRODUCED:

12/02/2002

LAST AMEND:

02/20/2003

LOCATION:

Senate Constitutional Amendments Committee

SUMMARY:

Authorizes a county, a city and county, a local transportation authority, or a regional transportation agency, with the approval of a majority of its voters voting on the proposition, to impose a special tax for the privilege of selling tangible personal property at retail that it is otherwise authorized to impose, if the tax is imposed exclusively to fund transportation projects and services and smart growth planning.

STATUS:

07/14/2004

In SENATE Committee on CONSTITUTIONAL AMENDMENTS: Not heard.

Position:

CSAC-Opp, League-Opp, SCAG-SupIfAmend

CA SCA 7

AUTHOR:

Murray (D)

TITLE:

Loans of Transportation Revenues and Funds

FISCAL COMMITTEE:

yes

URGENCY CLAUSE:

no

INTRODUCED:

02/19/2003

LAST AMEND:

04/28/2003

LOCATION:

Senate Appropriations Committee

SUMMARY:

Proposes a Constitutional amendment that requires any loan of motor vehicle fuel and vehicle-related revenues or trust funds that is not repaid within the same fiscal year in which the loan was made, or by a date not more than 30 days after the enactment date of the Budget Bill for the subsequent fiscal year, to be repaid with interest at a specified rate.

STATUS:

05/20/2004

In SENATE Committee on APPROPRIATIONS: Heard, remains in Committee.

Position:

CSAC-Sup, League-Sup, SCAG-Sup

CA SCA 11

AUTHOR:

Alarcon (D)

TITLE:

Local Government: Transactions and Use Taxes

FISCAL COMMITTEE:

no

URGENCY CLAUSE:

no

INTRODUCED: 02/26/2003
LAST AMEND: 03/23/2004
FILE: A-14
LOCATION: Senate Inactive File
SUMMARY:

Authorizes a local government authorized to incur indebtedness for infrastructure projects to incur, with the approval of 55% of its voters, indebtedness in the form of general obligation bonds to fund infrastructure projects, including construction of affordable housing for persons of very low, low, and moderate income, transportation enhancement activities, acquisitions of land for open-space use, and other infrastructure projects.

STATUS:
08/09/2004 In SENATE. From third reading. To Inactive File.
Position: CSAC-Pending, League-Sup

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REPORT

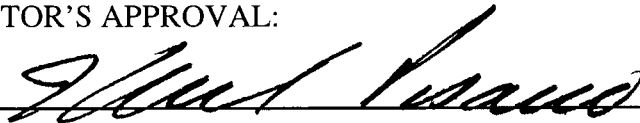
DATE: September 2, 2004

TO: Regional Council
Transportation Committee
Administrative Committee

FROM: Zahi Faranesh

SUBJECT: Maglev 2004' Conference in Shanghai

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTION:

As recommended by the Maglev Task Force, approve participation and representation at the Maglev' 2004 Conference in Shanghai. Attendees may include elected officials and staff from SCAG and other stakeholders on the Initial Operating Segment, including the City of Los Angeles, City of Ontario and the San Bernardino Associated Governments, if costs are allowable from Federal Railroad Administration grants. Costs are not to exceed \$20,000.

BACKGROUND:

Shanghai will be hosting the 18th Annual International Conference on Magnetically Levitated Systems and Linear Drives in coordination with the Institute of Electrical Engineering, Chinese Academy of Sciences, National MAGLEV Transportation Engineering R&D Center and National Natural Science Foundation of China. The conference is highly technical in nature and will be held from October 26-28, 2004 at the Intercontinental Hotel in Pudong, Shanghai.

The Conference will host several expert speakers and will present the latest research on global Maglev issues and technology innovations. The agenda (attached) includes:

- Urban Transports – Industrial Developments and Projects
- Maglev and HSST – Safety and Operation Control
- Maglev – Power Supply Strategy
- Maglev – Propulsion and Linear Motors and Controls

This conference could be used as a tool for innovation in implementation strategies and technology enhancements, information on a wide range of topics and real, hands-on experience with an operational Maglev system.

On August 18, 2004, the Maglev Task Force reviewed information presented on the Conference and suggested that IOS Stakeholders, including elected officials and staff from SCAG and elected officials from City of Los Angeles, City of Ontario and the San Bernardino Associated Governments, participate and represent the Region at the

REPORT

Conference. One or two representatives from each group will be contacted pending approval of SCAG's participation.

Additional information on the conference is attached.

FISCAL IMPACT:

Projected Conference Cost:

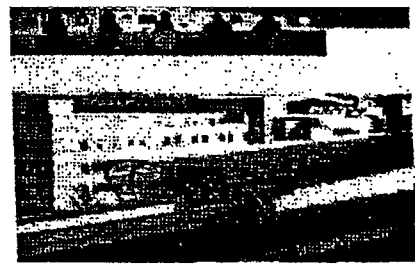
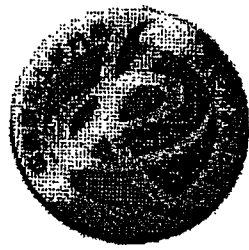
Registration	\$500*
Hotel	\$300
Airfare	\$1,000
Food/Misc	\$200
Average Cost / person	\$2,000

*SCAG staff is working to have registration fees waived.

Total costs incurred not to exceed \$20,000.

SCAG is investigating if costs incurred would be reimbursed from the Federal Railroad Administration (FRA) grants included in FY04-05 OWP under WBS Element numbers 05-240, 05-241 and 05-242. If costs are not allowable by the FRA, then staff recommends SCAG not participate in this event.

Staff will be presenting detailed information on attendees and reimbursable cost sources to the Regional Council on September 2, 2004.



Maglev' 2004

18th International Conference on

Magnetically Levitated Systems and Linear Drives

MAGLEV'2004 Opening Day, October 25, 2004
Conference, October 26-28, 2004
visits and a ride on Shanghai Maglev D
and Operation Line, in the morning of
2004

Institute of Electrical Engineering, Chinese Academy of Sciences
National MAGLEV Transportation Engineering Research Center

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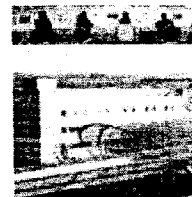
International Steering Committee

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MAGLEV'2004

AIMS OF THE CONFERENCE

The objectives of "MAGLEV'2004- The 18th International Conference on Magnetically Levitated Systems and are to present and discuss the state of the art of the social, environmental, economical, scientific and technical aspects of high speed and urban passenger MAGLEV transportation systems and the latest developments on magnetic levitation as well as electromagnetic propulsion and industrial applications. MAGLEV'2004 will consist of three major parts:

- MAGLEV'2004 Opening Day: Invited speakers will present the state of the art. This day is dedicated to public interested in the political, economical, social and industrial aspects of Maglev Systems;
- MAGLEV'2004 Conference: Presentation of the papers, dedicated to specialists of the different concerns;
- Ride on High Speed MAGLEV: Visits and a Ride on Shanghai MAGLEV Demonstration and Operation arranged.

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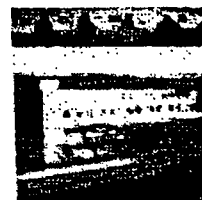
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MAGLEV'2004

REGISTRATION

Conference registration will take place at the Lobby of Intercontinental Hotel, Pudong, Shanghai from 10:00 to October 25 (Thursday). The information desk of the Conference will open from 9:30 to 17:00 on each meeting Meeting Hall. If you have any question during the Conference, please feel free to contact the information desk.

For early planning purposes, all participants who wish to participate in the Conference are encouraged to register July 1, 2004. On-line reservation is strongly recommended.

Registration Fees:

	if paid before August 20, 2004	if paid after August 20, 2004
Regular participants	US\$500	US\$600
Student participants as first author	US\$500	US\$600
Student participants as non-first author	US\$260	US\$320
Accompanying persons	US\$260	US\$260

1. The registration fee includes only one free paper, any additional paper should be paid by US\$100 per paper.
2. If the first author could not attend the conference, US\$200 should be paid.
3. All incurred fees charged by the processing banks prior to the arrival of the fund should be borne by participants themselves.

Full payment of the registration fee covers:

A. For Regular and Student Participants:

1. Attendance at the Conference
2. Final Program and Proceedings
3. Welcome Reception and Banquet
4. Coffee Breaks
5. Lunches (October 26, 27, and 28)
6. Visit and a ride on Shanghai Maglev demonstration and operation line in the morning of October 27.

B. For accompanying persons:

1. Attendance at the Opening Ceremony
2. Welcome Reception and Banquet
3. Coffee Breaks
4. Lunches (October 26, 27, and 28)
5. Visit and a ride on Shanghai Maglev demonstration and operation line in the morning of October 27.

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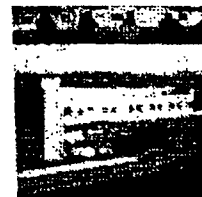
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MAGLEV'2004

TOPICS

The MAGLEV'2004 will cover all technical topics and aspects related to the following areas of the program.

1 MAGLEV- World Wide High Speed Industrial Developments and Projects

1.1 Scientific, Technical and Industrialization Status

1.2 Marketing Political and Financial Aspects

1.3 Social, Environmental and Ecological Aspects- Economical Balances

1.4 Comparisons: Evaluations of High Speed Systems (MAGLEV versus High Speed Rail Systems, Air Transport)

2 MAGLEV- New Ideas

2.1 Scientific, Technical and Industrialization Status

2.2 Marketing, Political and Financial Aspects

3 URBAN TRANSPORTS (Linear Propulsion) Industrial Developments and Projects

3.1 Scientific, Technical and Industrialization Status

3.2 Marketing, Political and Financial Aspects

3.3 Environmental and Ecological Aspects- Economical Balances

3.4 Comparisons: Evaluations with Conventional Systems

4 MAGLEV- Power Supply Strategy

4.1 Ground Power Supply Network to Local Power Network

4.2 Power Transformation Station

4.3 Power Supply for Propulsion

4.4 Energy Balance

5 MAGLEV- Vehicle; Guideway; Infrastructure

5.1 Vehicle and Spatial Integration Designs

5.2 Aerodynamic Behavior and Aerodynamic Impacts on Design Constraints

5.3 Dynamic Mechanical Resonance and Vibrations, Speed and Frequency Limits

6 MAGLEV and HSST- Safety and Operation Control

6.1 Safety and Design Constraints (Stations, Vehicles, Track, Tunnels)

6.2 Safety and Exploitation Constraints

6.3 Safety and Innovations

7 Propulsion and Linear Motors: Motors and Controls

7.1 Scientific and Technical Developments

7.2 Transport System Applications

7.3 Industrial Applications

7.4 Propulsion: Magnetic Hydrodynamic

8 Magnetic Levitation and Guidance: Transducers and Controls

8.1 Electromagnetic Levitation

8.2 Electrodynamics Levitation

8.3 Super Conducting Quantum Levitation

9 Transfer of Energy to a Vehicle and on Board Energy Supply

9.1 Scientific and Technical Developments

9.2 High Speed Transport System Applications

9.3 Low Speed Transport System Applications

9.4 Industrial Applications
9.5 Fuel Cells, Super Condensators

10 Magnetic Bearings
10.1 Passive Magnetic Bearings
10.2 Active Magnetic Bearings
10.3 Super Conducting Magnetic Bearing

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MAGLEV'2004

1. Visas

An official invitation letter will be issued to those who have returned the final Registration Form. With this letter the nearest Chinese Embassy or Consulate to apply for entry visa(s). To allow ample time for a successful visa, are kindly requested to do the on-line registration before the deadline. If any problem arises, please contact the Conference for assistance.

2. Arrival

Taxis are always available at the Airport. Taxi fares to the hotel will be about RMB120 (or about US\$15-20). We may help you in taking a taxi to the hotel.

Please take me to the InterContinental, thanks!

请送我到新亚汤臣洲际大酒店, 谢谢!

(地址: 浦东新区张扬路777号)

Please take me to the Tong Mao Hotel, thanks!

请送我到通茂酒店, 谢谢!

(地址: 浦东新区松林路 357 号)

Please take me to the Baosteel Hotel, thanks!

请送我到宝钢大厦酒店, 谢谢!

(地址: 浦东新区浦电路 370 号)

3. Refund Policy and Cancellation Charge

Cancellation received by the Secretariat	Before Aug. 20, 2004	After Aug. 20, 2004 and before Sept. 10, 2004	After Sept. 10 and before Oct. 10, 2004	After Oct. 10, 2004
Registration fee for first author	US\$200	US\$290 charged	US\$380 charged	No
Registration Fee for non-first author	0	US\$100 charged	US\$190 charged	No
Additional paper	100%	100%	100%	1
Pre- & Post- Conference Tour	0	US\$60 charged	US\$150 charged	US\$200

4. Contact Person in China

Ms. Cuiling LAN
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5. Currency Exchange

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by Cuiling LAN

MEMO

DATE: August 11, 2004

TO: Transportation and Communications Committee
Community, Economic, and Human Development Committee

FROM: Bruce DeVine, Chief Economist 213-236-1903, e-mail: devine@scag.ca.gov

SUBJECT: Report on Logistics & Distribution: An Answer to Regional Upward Social Mobility

SUMMARY:

The subject report was prepared by economist John Husing, who will present its findings to the Committees. It describes how the logistics industry will be a source of job advancement and good pay for the expanding minimally educated segments of Southern California's population. It also describes several regional strategies that will help ensure that the expected growth in logistics can occur, bringing these and other benefits to the region.

BACKGROUND:

The report documents the SCAG region's recent loss of relatively high-paying jobs in the manufacturing sector and the growth in lower-paying service sector jobs, along with the associated decline in per capita income and average payroll relative to other major metropolitan areas. The study points out that average earnings in the logistics industry are higher than those in either construction or manufacturing. It shows how the industry can accept less-educated workers into job ladders that can be climbed through on-the-job training and experience.

Moreover, the logistics and distribution industry has tremendous growth potential in southern California. Much of the nation's Asian trade passes through Los Angeles and Long Beach harbors. That volume will accelerate with the growth of Asia's economies and the advent of huge post-Panamax shipping vessels. This new breed of container ships is very wide and deep draft and must use one of these deepwater ports or Seattle-Tacoma since they cannot fit through the Panama Canal.

The report also describes the challenges facing the region in providing the infrastructure needed to support the growth in logistics. Major investments will be needed to reap the benefits of more productive employment for the minimally educated, as well as the improvements in noise and air quality that will come with a more efficient goods movement system. The report describes several strategies to provide the needed facilities, which are already being contemplated by SCAG and other public and private entities, including:

- Dedicated truck lanes
- Expanded railroad track and grade separations
- High-speed Maglev system
- Additional intermodal rail yards
- Shuttle trains to inland "ports" or intermodal rail yards
- Expanded air cargo capacity.

MEMO

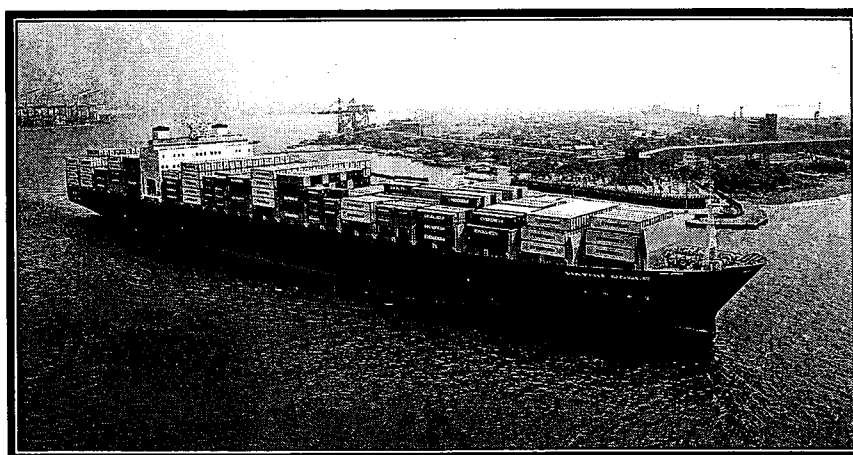
FISCAL IMPACT:

Staff time in support of this analysis is covered by Work Element 05-130 in the current Overall Work Program. Accepting the report findings will have no fiscal impact on SCAG.

#102186 - J. Husing report to TCC & CEHD
DeVine 8/11/04

Southern California Association of Governments

Logistics & Distribution: An Answer to Regional Upward Social Mobility



Post-Panamax Super-Cargo Ships: The Future of Ocean Trade

By

John E. Husing, Ph.D.

June 9, 2004

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Logistics & Distribution: An Answer to Regional Upward Social Mobility

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2	Top 12 Sectors Losing Jobs	SCAG Area, 1990-2003
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Logistics & Distribution: An Answer to Regional Upward Social Mobility

By John E. Husing, Ph.D.

EXECUTIVE SUMMARY

In the late 1950's, President Dwight Eisenhower recognized the close connection between transportation infrastructure, economic efficiency and the standard of living. He therefore launched the building of the Interstate Freeway. It is hard to imagine the performance of today's U.S. economy had that conservative President not convinced the Congress to move forward with the investment in this extraordinary system. In the 1960's, Governor Pat Brown saw the connection between infrastructure and economic growth and undertook the building of the California State Water Project. Again, it is hard to imagine the performance of California's economy had that moderate Governor not made the investment in this mammoth project.

In the 2000's, Southern California faces infrastructure challenges that rival those efforts. If the area's economic power is to be unleashed, its economy must be freed of the constraints imposed by lack of truck, rail and airport infrastructure. Investment in these projects would have the beneficial effect of allowing the region's logistics sector to accelerate by providing a growing base of good paying jobs which its marginally educated workers can learn via on-the-job experience and learning. This would appear to be the only route the region has available to helping those workers achieve growing standards of living while simultaneously correcting the recent deep slide in Southern California's relative prosperity vis-à-vis other major parts of the country. Importantly, this investment would do so while helping to mitigate the environmental difficulties caused by the inevitable increase in truck and rail traffic congestion and idling diesel engines.

Falling Job Quality & Per Capita Rankings. For Southern California, the importance of dealing with these issues begins with understanding that from 1987-2001 the SCAG region slipped from 4th to 17th in per capita income among the 17 consolidated metropolitan areas in the United States. Worse, despite tremendous job growth in the post-Cold War recession period, the region slipped from 4th to 11th in average payroll per job. This decline in the region's relative standard of living came about as the 12 sectors that shrank from 1990-2003 were largely high paying manufacturing sectors that paid an average of \$45,165 a year. At the same time, the 12 sectors that provided the most job growth averaged only \$33,145.

Cost Competitiveness An Issue. In part, this situation came about because slippage occurred due to California's high cost environment. Recently, this has been evidenced by its very high workers compensation costs relative to other states, its high electrical rates and its extraordinarily expensive housing. As a result, companies in the sectors that have come under pressure in recent years have either avoided the state, put their growth elsewhere, or in the worst situations moved away. This has applied to aerospace/defense firms in the early 1990's, high technology companies in the late 1990's and general manufacturing in the past three years. Historically what has propelled the state's economy have been waves of innovation that have created large numbers of new jobs as California's risk taking environment and successful university systems have spawned the successful marriage of entrepreneurship, research and well educated workers.

Large Numbers of Marginally Educated Workers. Unfortunately, despite the technology boom of the late 1990's, Southern California's relative prosperity continued to slip. The reason appears to be the area's inability to provide a path to prosperity for its very large and growing

number of marginally educated workers. In the past, this group benefited during prosperous times because of the skill ladders inherent in the manufacturing sector. These firms provided acceptable starting wages to unskilled workers. It also provided them with a hierarchy of jobs up which they could move to higher levels of responsibility and income based upon experience and on-the-job learning. Unfortunately, international competition is eliminating manufacturing as a force in both the California and U.S. economies.

Logistics: A Good Paying Sector With Defined Skill Ladders. As a result, if Southern California is to increase the average level of prosperity for its labor force, it is imperative that a sector emerge that can replace manufacturing in providing these conditions. Fortunately, this is occurring with the logistics group that includes companies in such fields as wholesale trade; truck, rail and air transportation; general warehousing; and non-local courier services. It also includes operations ancillary to these sectors providing such goods handling services as stevedoring, container loading, vehicle towing and air traffic control.

From 1990-2003, this group was one of the few non-population related sections of Southern California's economy to provide significant job growth. In addition, the average 2003 pay level in logistics (\$45,314) exceeded that of the other two blue collar sectors: manufacturing (\$43,871) and construction (\$40,439). This was also true for two of the three largest employing sectors in this group: wholesale trade (\$46,892 for 352,373 workers) and support activities (\$49,829 for 52,662 workers). Meanwhile, the logistics group provides unskilled workers with entry level salaries well above the minimum wage at \$8.07 to \$10.45 depending on the sector. From there, workers can attain significantly better pay through experience and on-the-job learning as they move up to \$12.96 to \$14.91 an hour with minimal experience, and on to annual average incomes in the mid-\$30,000's to high \$40,000's with more experience.

Relatively strong pay scales are possible in the logistics sector because it has become one of the most capital and information intensive parts of the U.S. economy. The shift occurred because of the adoption of "just-in-time" systems by the nation's manufacturers and retailers. These systems track inventories and only order new merchandise once existing supplies start to disappear. Logistics companies thus receive orders in a computerized format and must respond rapidly. As a result, functions like transmitting orders to foremen, communicating orders to warehousemen, picking-up orders and placing them on conveyor belts, tracking orders along highways, checking that goods meet design specifications, assembling or repairing merchandise, or driving delivery routes are governed by complex information systems. Workers are paid well because of the efficiency inherent in their increasing use and understanding of technologies like bar coding-laser scanners, e-mail, word processing, personal digital assistants, global positioning systems, geographic information systems, and robotics plus various measuring and calibration devices.

Logistics: Powerful Long Term Potential In Southern California. In the long term, the growth of logistics employment in Southern California should not be a short term phenomenon. Since 1990, the group has been one of the few non-population serving portions of the economy to add a significant number of jobs. The just-in-time system has caused the distribution industry to create a series of large goods holding centers across the U.S. and Southern California is one of them. In part, this has occurred because of the fact that much of the nation's Asian trade passes through Los Angeles and Long Beach harbors. That volume will accelerate with those economies and the advent of giant post-Panamax container ships that are very wide and deep draft and

must use one of these harbors or Seattle Tacoma since they cannot go through the Panama Canal. The rapidly rising volume of e-commerce will further encourage the sector since it also requires the tightly controlled and rapid movement of goods using information technology. For this reason, the long term forecasts for international trade, air cargo tonnage, rail trips and container lifts are all extremely high for Southern California.

Logistics: Significant Issues. That said, the growth of the logistics group is not guaranteed due to the major issues it raises. Whether it is giant warehouses (*up to 60 acre sites*), large intermodal facilities or major airports, the facilities required by logistics firms require very large tracts of vacant land. In addition, each job requires about 2,200 square feet of space versus 1,000 square feet in manufacturing and 300 square feet in office sectors. These facts often engender opposition from neighbors and elected representatives. The huge land requirements mean that much of the future growth of logistics must occur in Southern California's inland counties. This will have the advantage of putting good paying jobs with a strong job ladders in the area that needs them the most due to its large marginally educated workforce. However, it also means that the inland area will be abnormally burdened by the logistics group's intense use of land, its heavy truck traffic, the closing of arterial streets by trains, the noise of train whistles and the air quality impacts of diesel fumes. Meanwhile, the logistics group's success is endangered by the lack of transportation infrastructure that underlies many of these difficulties.

Logistics: Strategies For Success. Fortunately, a variety of strategies exist that can allow the logistics group of sectors to increase the productivity of Southern California's economy while simultaneously helping to raise the living standards of Southern California's marginally educated workers and ameliorating the worst of its side effects.

- **Operation Jump-Start.** SCAG has proposed Operation Jump-Start, a series of privately funded initiatives that would accomplish several tasks. Two dedicated truck lanes would be built along the 141.8 miles from the Victor Valley to the ports (*\$16.5 billion*). These projects would separate trucks from cars, reducing congestion, speeding the movement of goods and reducing driving dangers. The trucking industry would consider fees to pay for this infrastructure in exchange for triple trailering on the dedicated routes. Expanded rail track would be built along the UPSP and BNSF lines from Los Angeles through the San Gabriel Valley, Orange County and urbanized Inland Empire (*\$1.2 billion*). In addition, grade crossings would be built separating the major arterials streets from these tracks (*\$2.2 billion*). These projects would allow rail capacity to expand to meet the demand. Arterials would no longer be severed by passing trains. The speed of goods transit in and out of Southern California would be increased. Train whistles would no longer be used in urbanized areas. Finally, a Meglev train from LAX to ONT would be built, helping to further reduce road congestion and tying those two airports together. Together, these strategies would lead to the freer movement of trucks and trains, reducing diesel emissions from idling vehicles.
- **Shuttle Trains-Inland Port.** Currently, international cargo bound for Southern California is off-loaded near downtown Los Angeles with much of it hauled by truck to warehouses in the Inland Empire. The Alameda Corridor Transit Authority is investigating the feasibility of building an intermodal rail yard for international cargo in the inland area. Shuttle trains would speed the flow of this merchandise to the area while removing

it from the congested freeways. This strategy would require the expanded rail capacity outlined above.

- **Additional Intermodal Rail Yards.** As with other aspects of Southern California's goods handling infrastructure, the region's intermodal rail yards near downtown Los Angeles and in San Bernardino are reaching their absolute capacity causing time delays in moving both domestic and international containers between trains and trucks. Both BNSF and UPSP are investigating the building of new facilities along their main lines in the Inland Empire.
- **Expanded Air Cargo Capacity.** Every air cargo forecast indicates that LAX cannot handle the long term volume anticipated for Southern California. Los Angeles World Airways has picked a developer for a new one million square foot air cargo cross-dock for ONT. Hillwood (*a Perot Company*) intends to build a 240,000 square foot air cargo facility at San Bernardino International Airport. Southern California Logistics Airport already provides two hour turnaround for dedicated air cargo carriers. March Air Reserve Base is being developed as a joint use facility to also handle dedicated air cargo carriers.

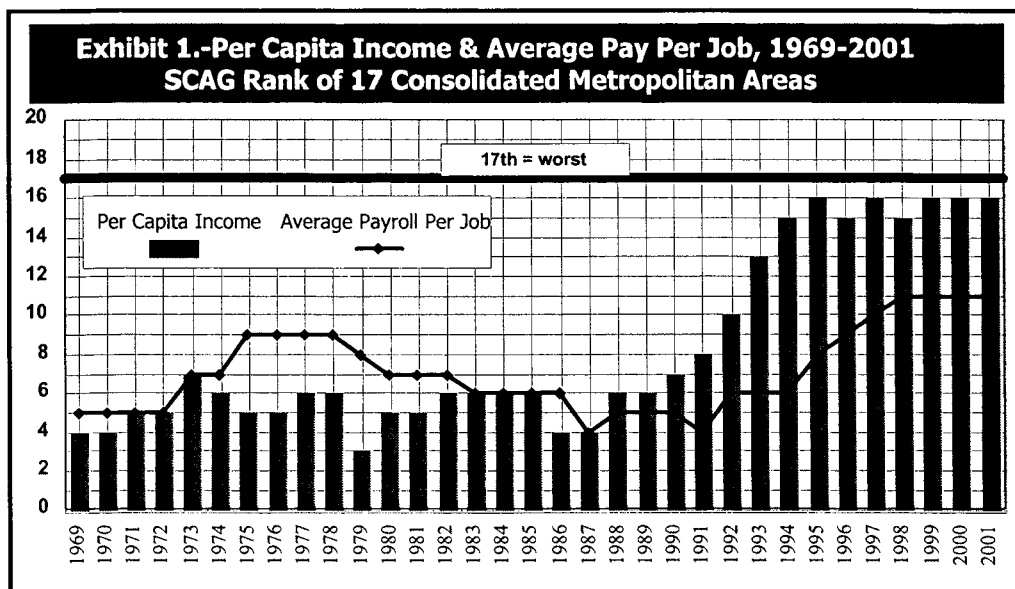
Should these strategies be brought to fruition, Southern California would benefit in several ways. During the construction phases, a very large number of blue jobs would be created. These jobs plus the strong multiplier impacts of construction spending would buoy the region's economy. Once the projects are completed, the efficiency and competitiveness of the Southland's economy would be enhanced while the most negative aspects of congestion and idling vehicles would be mitigated. Importantly, this expanded infrastructure backbone would unleash the potential strength of the logistics sectors, offering Southern California's marginally educated workers a growing path towards on-the-job learning and higher standards of living. Ultimately, these strategies thus offer the region a solution to addressing the recent declines in its relative prosperity.

Southern California Association of Governments

Logistics & Distribution: An Answer to Regional Upward Social Mobility

By John E. Husing, Ph.D.

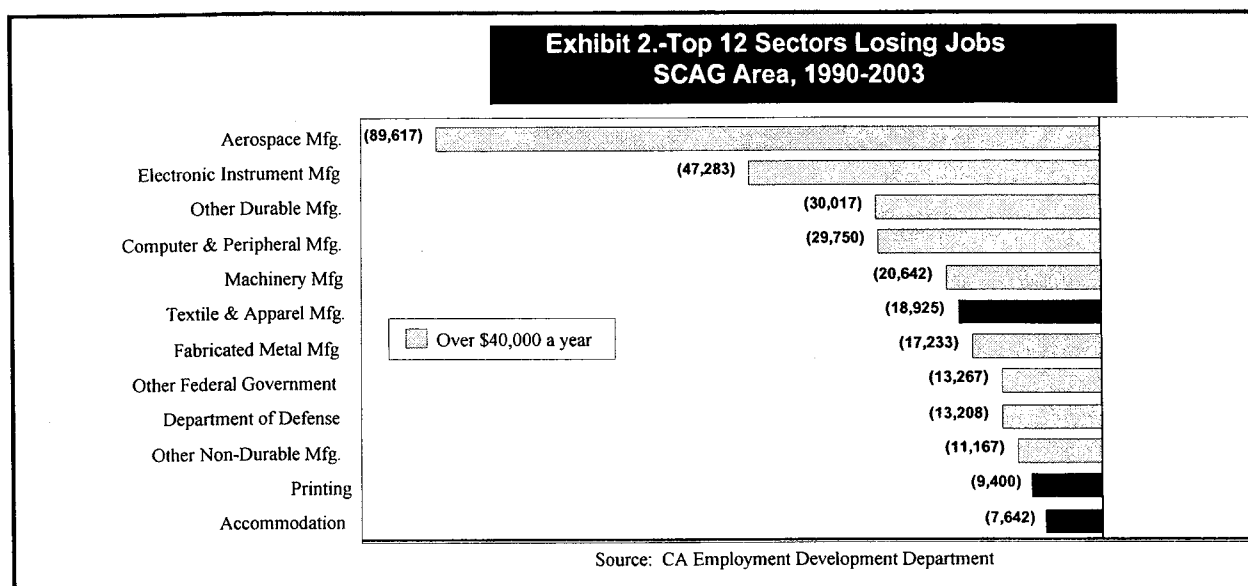
Research conducted by the Southern California Association of Governments (SCAG) has noted a disturbing trend within the five county Los Angeles, Orange, Riverside, San Bernardino, Ventura area that makes up most of its jurisdiction. The area's per capita income ranked 4th among the 17 major U.S. consolidated metropolitan statistical areas in 1987. By 2001, it had slipped to 16th. In 1991, its average payroll per job also ranked 4th. In 2001, it ranked 11th (*Exhibit 1*).



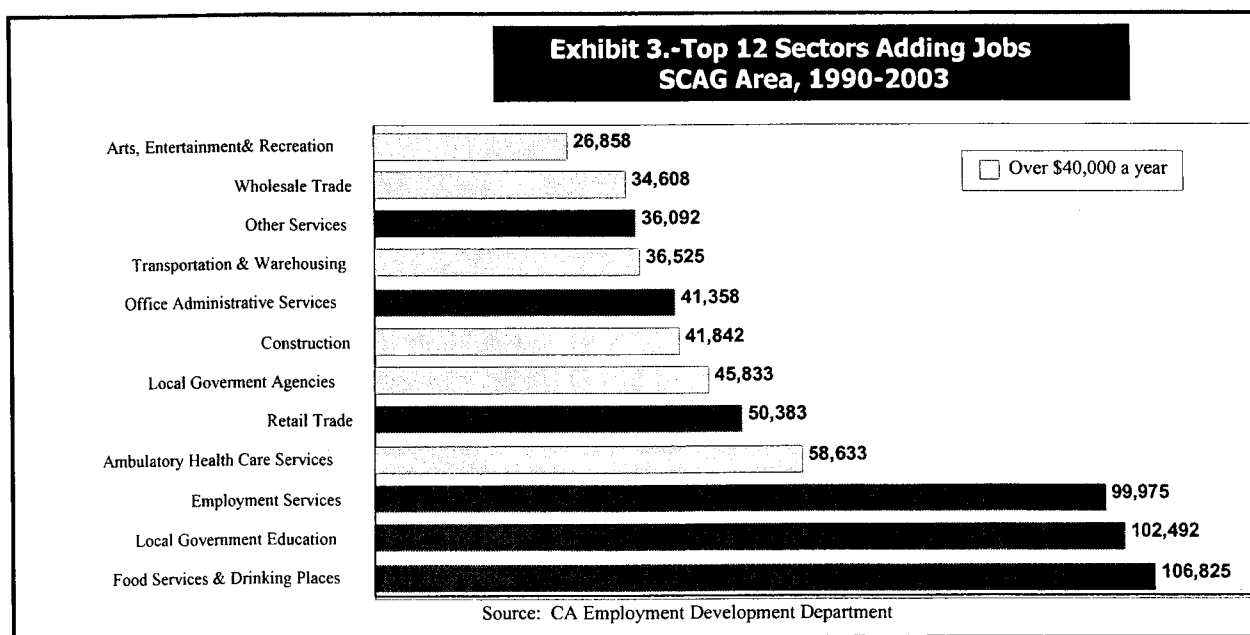
Job Losses & Long Term Quality Deterioration. These deteriorations began during the severe economic dislocations that accompanied Southern California's post-Cold War recession from 1990-1993. From the peak month to the trough, the region lost an annual average of 479,913 jobs in this period. Unfortunately, much of this reduction occurred in its high paying aerospace/defense manufacturing base. More threatening is the fact that from the low point in 1993 until 2003, the area has added an annual average of 988,075 jobs, a gain of 16.9%. Yet, in this the period, the SCAG area remained 16th of the 17 consolidated metropolitan areas in per capita income. Worse, this is the period when its average payroll per job deteriorated from 6th to 11th. Thus, while the region recovered from its job losses, the quality of the new positions created was no where near those that were lost. In fact, the new positions were not up to par with those being created in other major U.S. consolidated metropolitan areas.

How this occurred is seen in looking at the top 12 sectors that have shrunk from 1990-2003 versus the top 12 sectors that have expanded. The losers represented a net loss of 308,150 jobs (*Exhibit 2*). Of these, 231,000 or 75.0% were in nine sectors with 2003 average pay levels over \$40,000 (*striped bars*), including seven manufacturing sectors: aerospace, electronics, other dur-

ables, computer & peripherals, machinery, fabricated metals, other non-durables, plus the defense and non-defense federal government.

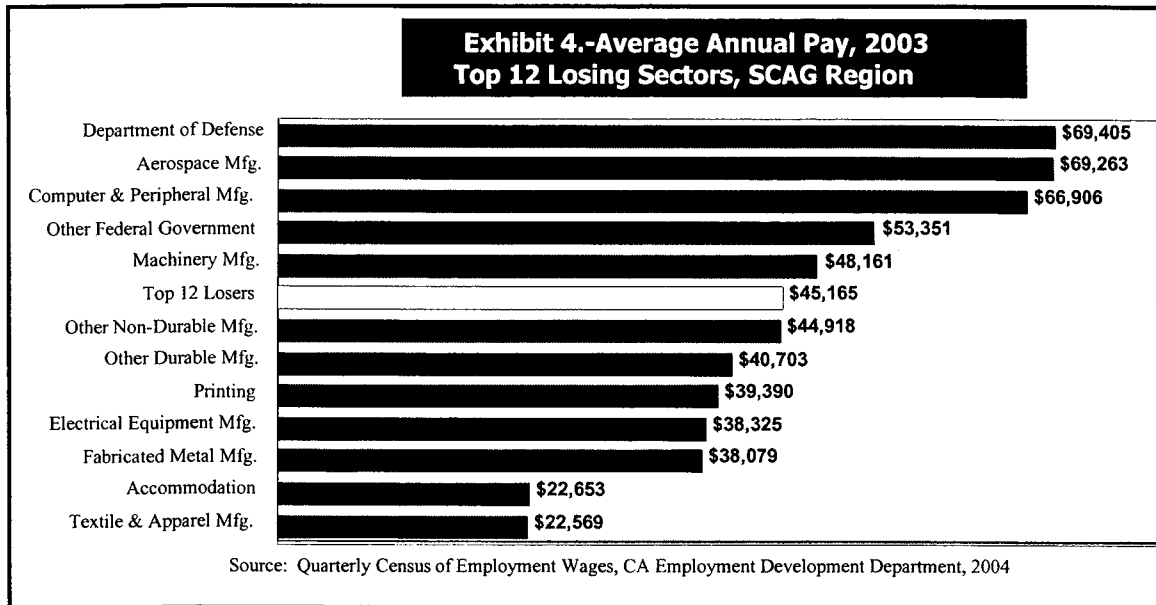


The 12 winning sectors represented a net gain of 681,425 jobs (*Exhibit 3*). Of these, 229,313 or 33.7% were in six sectors earning over \$40,000 a year in 2003 (*striped bars*) including arts, entertainment and recreation; wholesale trade; transportation and warehousing; construction; local government agencies and ambulatory health care. The other 452,108 included strong growth in food service and drinking places; employment services; and retail trade, three of the economy's lowest paying sectors.



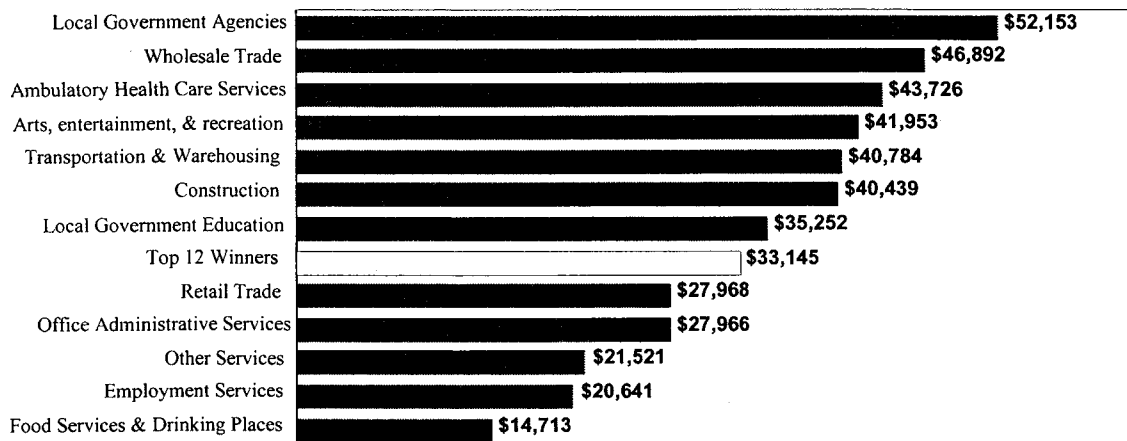
Southern California Losing Sectors That Don't Have To Stay. A second issue of importance in looking at the gaining and losing sectors is that most losing sectors are in fields that do not have to be in Southern California either to directly access its growing population, Hollywood or

the ports. The opposite is true for the growing sectors. In them, firms must stay in the area. Transportation and warehousing, wholesale trade and much of the employment agency activity is directly related to either international trade or serving the region's huge population. Construction and the service sectors need the area's residents. Arts, entertainment and recreation have grown because of Hollywood, theme parks and the increased local population.



Higher Pay Scales In Shrinking Sectors. For Southern California, the deterioration of its ranking on the basis of per capita income or pay per job is underscored in looking at the 2003 average weekly pay levels in top losing and gaining sectors. Using average annual wages and salaries in 2003, the 12 sectors losing the most jobs had a weighted average pay scale of **\$45,165**. Three sectors averaged over \$65,000: Department of Defense (\$69,405), aerospace manufacturing (\$69,263) and computers and peripheral manufacturing (\$66,906). Only two sectors averaged under \$35,000: accommodation (\$22,653) shrank due to the 9-11 effect; and textile and apparel manufacturing (\$22,569) which is moving offshore (*Exhibit 4*).

**Exhibit 5.-Average Annual Pay, 2003
Top 12 Gaining Sectors, SCAG Region**



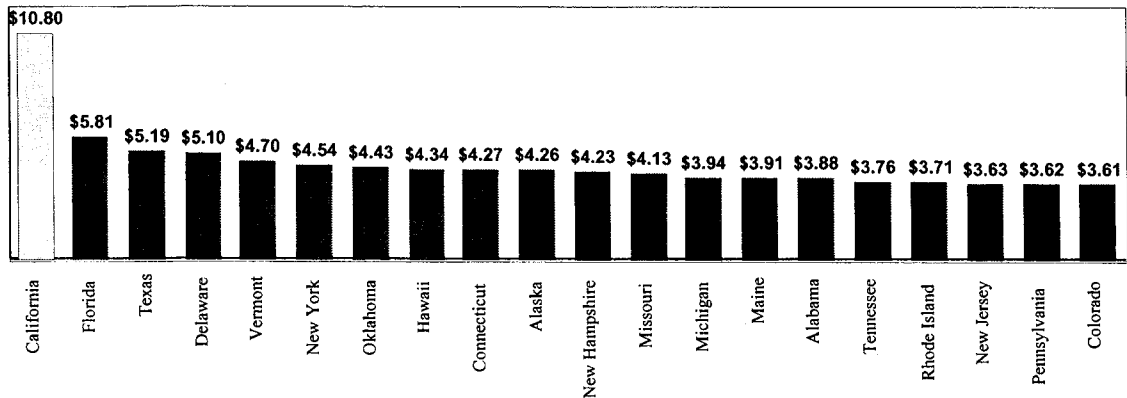
Source: Quarterly Census of Employment Wages, CA Employment Development Department, 2004

At the same time, the 12 expanding sectors had weighted average wages and salaries of just **\$33,145**. That was \$12,020 or 26.6% below the average pay level for the 12 losing sectors. No sector averaged over \$65,000. The highest was \$52,153 for local government followed by wholesale trade at \$46,892 and ambulatory health services (*doctors, dentists, labs*) at \$43,726. Five sectors earned less than \$30,000 and they included two of the three fastest growing sectors: food and drinking places (\$14,713) and employment agencies (\$20,641).

High Cost Environment. Why is Southern California losing high paying sectors that have a choice of where they can locate, while retaining those that need access to its growing population or coastal location? Much of the answer lies in the fact that the region is a very high cost area. Companies with the option to locate anywhere thus tend to either avoid California, put their job growth elsewhere or, in extreme cases, leave the state.

Three important cost categories highlight California's difficulties. The much publicized workers compensation insurance crisis is real. In 2003, the state's manufacturers paid an average of \$10.80 per \$100 of payroll (*Exhibit 6*). That is 85.9% higher than the \$5.81 in second placed Florida. The state's rate is 7-8 times those of such nearby competitive locations as Arizona (\$1.35), Utah (\$1.64) and Oregon (\$1.97).

**Exhibit 6.-Workers Compensation Costs By State
Per \$100 of Manufacturing Payroll, 2003**

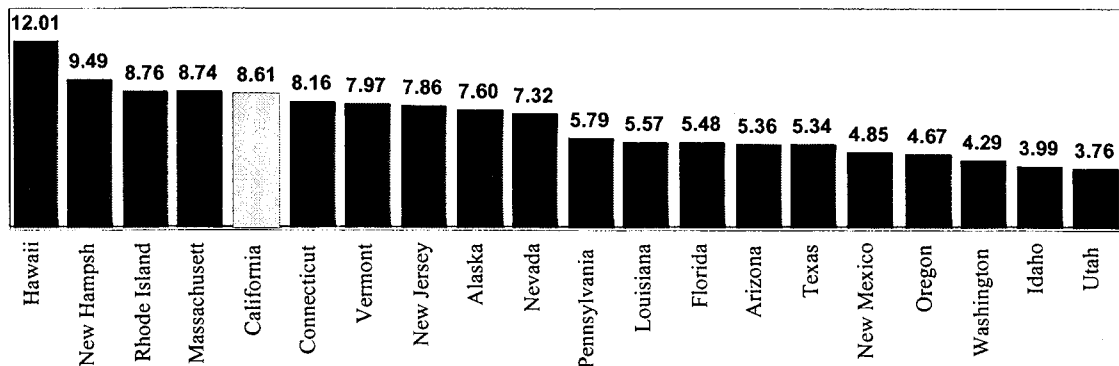


Source: Nebraska Department of Economic Development, 2004

A second issue is that of electrical costs. Since the energy crisis, California's rates have become among the most expensive in the nation. In 2003, the average price per kilowatt hour for the state's industrial users was 8.61 cents, down from 10.83 cents in 2002. However, California still ranked fifth highest behind Hawaii (12.01), New Hampshire (9.49), Rhode Island (8.76) and Massachusetts (8.74). In the western states where California must directly compete, the state's industrial rates were the highest in the region. Nevada was the next at 7.32 cents per kilowatt hour or 15.0% less. Arizona was next at 5.36 cents or 37.7% less. The least expensive power in the west was in Utah at 3.76 cents per kilowatt hour or 56.3% below California.

Another issue of concern to companies is the median price of housing in California. This is the case as it is becoming increasingly difficult for workers to afford homes in the state. In some counties, this even applies to executives, professionals and high technology specialists.

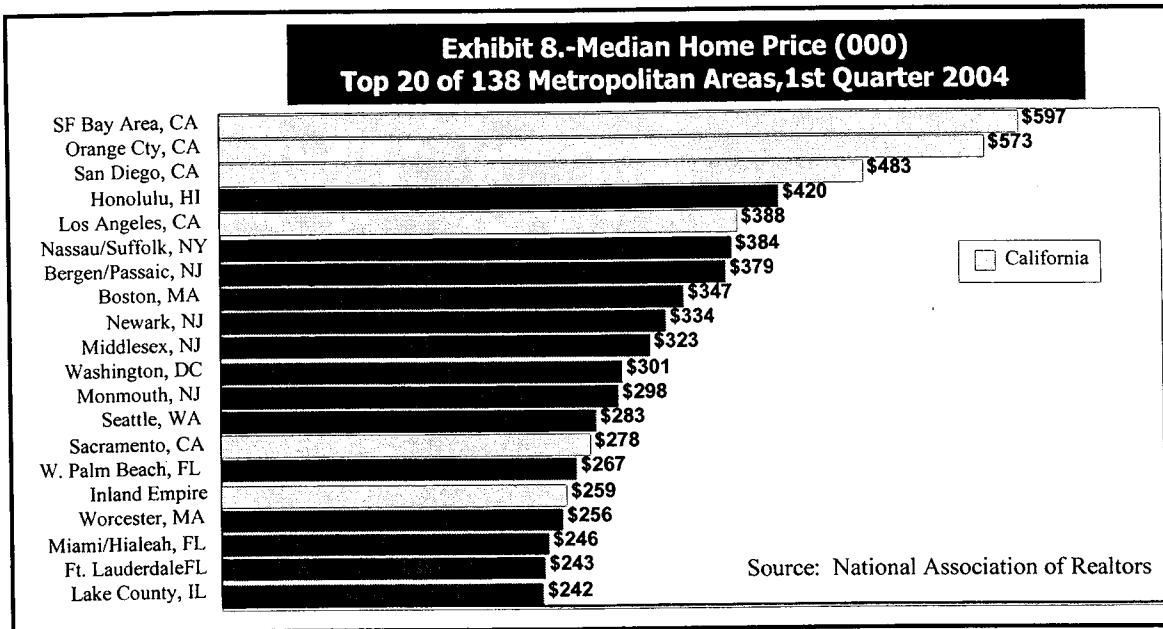
**Exhibit 7.-Electric Cost per Kilowatt/Hour
Top 15 States & All Western States, 2003**



Source: Energy Information Administration, "Electric Power Monthly"

The problem is seen in that of the 138 metropolitan housing markets in the United States, four of the five highest median prices were in California in first quarter 2004. The top three were in the state: San Francisco Bay Area (\$597,000), Orange County (\$573,000) and San Diego County

(\$483,000). Los Angeles ranked fifth (\$388,000) after Honolulu (\$420,000). Significantly, even the ostensibly “affordable” Inland Empire (\$259,000) was 16th highest of the 138 markets.



In a capitalistic economy, relative costs like these have meant that California is at a disadvantage in attempting to grow, lure or hold firms that can locate anywhere. This is particularly true in sectors where intense competitive pressures on the supply side or the cyclical performance of demand have squeezed profit margins. That has applied to the manufacturing sector in recent years. It has occurred in the technology group, first, with the dot.com bust and the lack of corporate investment, now, with the rise of low cost Asian competitors. In the early 1990's, it was definitely a factor in the demise of the state's once thriving aerospace and defense sectors.

It also means that local companies are increasingly putting their expansions outside the state. And, in the worst cases, companies have left the state. Recently, this has occurred with printing and the plastics firms both of which use a lot of electricity. It certainly applied to aerospace in the early 1990's.

While these factors have tended to stymied the sectors of California's economy in which geographic competition is important, they have had much less impact on those sectors that must locate in the midst of the state's huge and growing population, or near its ports and studios. Here, California is a bit like a monopoly. Firms that need access to these assets have no choice but to adapt to its high cost environment. They have thus propelled the state's growth. Unfortunately, the pay scales in the largest of these growing sectors have been relatively low compared to the pay scales in the largest of the shrinking sectors. This is the reason for the falling per capita income and average pay per job in the SCAG region.

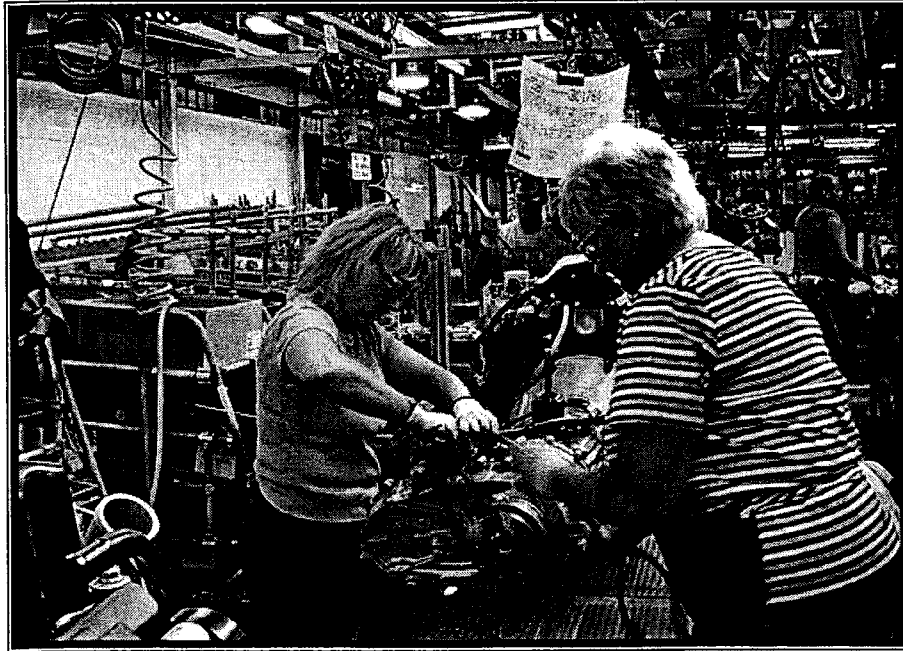


Path To Prosperity: The Entrepreneurial-Education Approach. Historically, California has always been a high priced location. And, throughout its history, mature companies with tight profit margins have tended to flee to other locations. However, mature companies are generally not the ones that create jobs in America. That has been the role of smaller entrepreneurial firms. California has built the sixth largest economy on earth (*current exchange rates*) largely because its wide-open attitudes have drawn a population of risk takers from across the country and around the world. This has created a culture that nurtures experimentation and has proven to be a spawning ground for entrepreneurship. The companies they start have tended to ignore the state's high cost difficulties during their periods of formation and maturation.

When the state's risk taking culture is connected to the ideas and research flowing from California's extraordinarily successful higher education system and its wealth of well-educated people, the mix has created entirely new industries that have propelled its economy. This was the original genesis of its success in aeronautics, aerospace and defense. More recently, it has applied to the computer, software and bio-technical revolutions.

Today, this framework largely remains intact, though it is fraying due to the budget crisis and the cutbacks in funding for the University of California and California State University systems. There is no question that investment in these systems is among the state's most important long term economic policies. So also is investment in the K-12, regional occupational programs and community college systems since increasingly the sectors that can propel the state's economy require better educated workers at all levels of service, production and management.

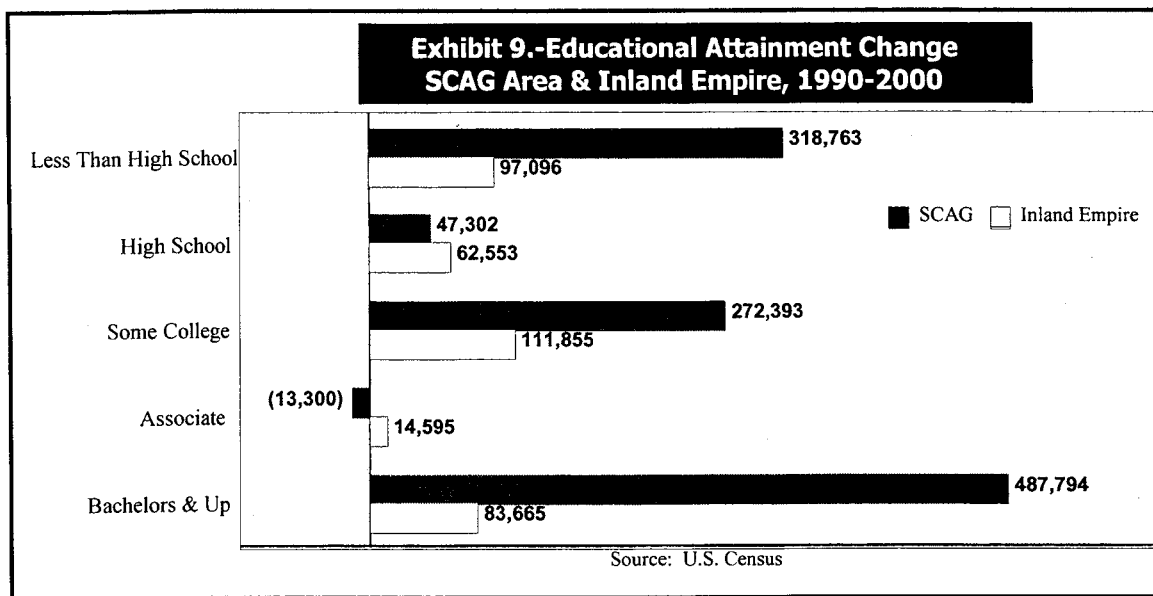
Put simply, as long as California lures entrepreneurs, nurtures ideas and produces well-educated workers, its future will be intact ... to a point.



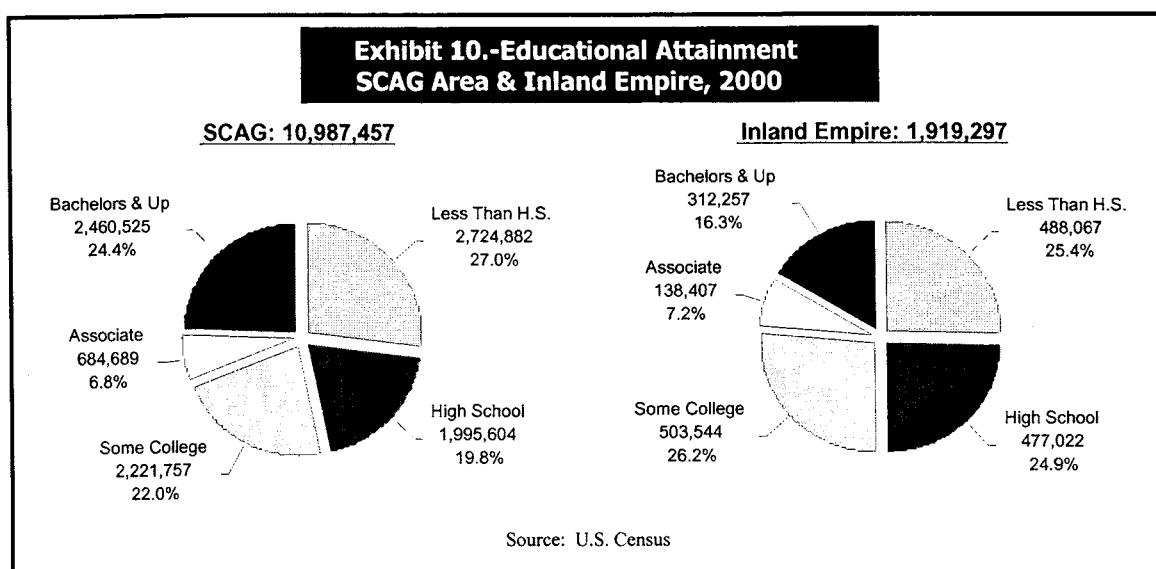
Path To Prosperity: Challenge of the Marginally Educated. Unfortunately, this approach to economic development will not attack a more insidious problem affecting California. That is the state's huge and rising number of poorly educated adult workers and the continuing flow of marginally educated young people into the labor force. Historically, this group has been impervious to education based strategies. Rather, they have chosen to achieve upward social mobility through work experience and on-the-job learning. This life strategy has been the most successful for workers employed in organizations with "job ladders" up which they could move over time. However, the long term demise of California's manufacturing sector has removed the principal source of such opportunities. This is the most likely reason for the decline in Southern California's per capita income and average pay per job. If another such vertically organized work environment is not created, California will likely see its economy increasingly divide into a world of well-educated haves and marginally-educated have-nots, a brutal future for the Golden State.

From 1990-2000, the dimension of the problem can be seen in the fact that of the 1,112,952 adults aged 25 and over added in the SCAG area, 318,763 were people who did not have a high school diploma (28.6% of gain). Another 47,302 people stopped their educations at high school and 272,363 had taken some college classes but not achieved an associate of arts or higher degree (28.7% of gain). Together, they represented **57.4%** of the increase in the region's population (*Exhibit 9*).

Note: The picture was more difficult in the Inland Empire, SCAG's fastest growing area,. Some 26.3% of the growth in adults was among people who had not finished high school (97,096). Another 62,553 stopped their educations with a high school diploma (16.9% of gain) while some 111,855 took college courses but did not receive a degree (30.3% of gain). Together, that represented **73.4%** of the population.



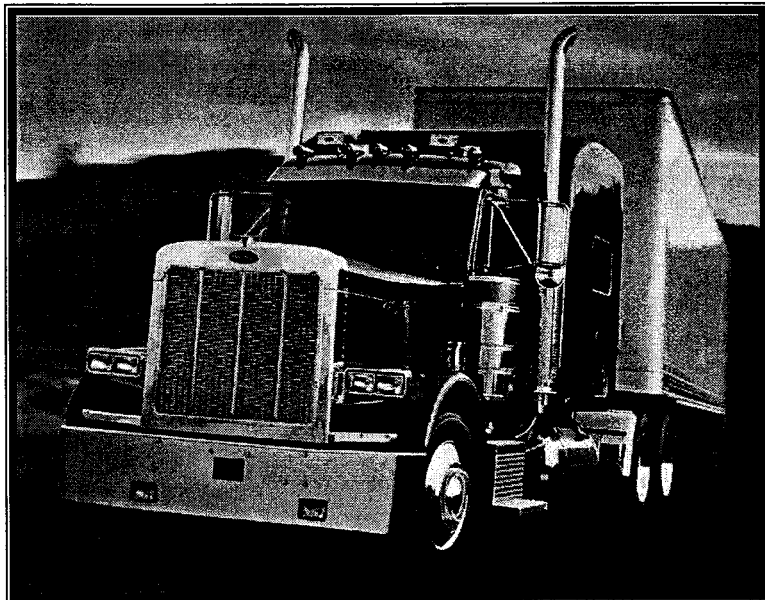
By the 2000 Census, these trends meant that there were 4.7 million adults in the SCAG area with no college experience (46.8%). Including those who tried some college classes but achieved no degree, there were 6.9 million (68.8%). In the Inland Empire, 965,089 adults had no college experience (50.3%). Adding those with some college classes but no degree took the number to 1.46 million (76.5%).



Even assuming that some college experience is sufficient education for today's job market, these data mean that nearly **one of two people** in the entire SCAG region and exactly that share in fast growing inland region **are not well prepared for the modern economy**. These are the workers in need of a workforce environment that replaces manufacturing and provides "skill ladders" up which they can move with increasing levels of experience and on-the-job learning. Unless that environment can be provided, these workers and California face a difficult future.

Logistics Group

Fortunately for Southern California, the opportunity exists to encourage a group of sectors that has begun to provide large numbers of blue collar workers with access to the type of “skill ladder” circumstances that have traditionally only been found in manufacturing. This is the logistics group made up of the variety of sectors involved in receiving, processing, storing and moving goods (*Exhibit 11*). Altogether, the group included 38,706 firms in 2003 employing 548,278 workers. Their average annual wage and salary level was \$45,314. That year, they represented 9.3% of the SCAG area’s employment. This was more than construction (5.7%) but less than manufacturing (14.7%). The sectors involved include:



- **Wholesale Trade** (352,373 workers, NAICS 42). These establishments engage in buying, selling, storing and transporting goods that ultimately will be used by other firms. They may be a subsidiary of a retail or production company (e.g., *Walmart*; *Toyota Motor Parts*). They may be a dedicated third party logistics firm that contracts to handle the movement and storage of merchandise for a single company (3PL). They may be involved with the products of many companies. In Southern California, many of these operations are involved in international trade. They normally handle durable (NAICS 421) or non-durable (NAICS 422) goods from warehouses. However, merchant wholesalers (NAICS 423 & 424) generally operate from offices and do not actually manage the storage of goods.
- **Truck Transportation** (54,504 workers, NAICS 484). These firms move goods within a region or across the country. They include companies that move full container loads of merchandise (e.g., *JB Hunt Transport Inc.*, *Schneider National Inc.*). Other collect partial container loads throughout an area, move them to cross-docks where they are transferred into full containers bound for a single location (e.g., *Yellow Freight Systems*; *Roadway Express*). These containers are then either moved cross-country or to intermodal rail yards where they are transported cross-country. Once at their destination, the process is reversed.

- **Support Services For Transportation** (52,662 workers, NAICS 488). This eclectic group includes operations involved in such ancillary transportation functions as freight forwarding (*management of shipments across several modes of transportation*), the loading and unloading of ships and rail cars, motor vehicle towing, air traffic control or packaging and labeling services.
- **Non-Local Couriers** (30,090 workers, NAICS 492110). These companies generally move packages between metropolitan areas and around the world (*UPS; Federal Express*). They generally pick up packages and take them to a facility where they move “across a dock” into fully loaded rail or air cargo containers. These firms may be integrated with their own air cargo arm.



- **General Warehousing & Storage** (28,442 workers, NAICS 493). These are third party warehousing and storage operations that strictly hold general merchandise (*e.g., U.S. Logistics Corp.*), refrigerated products (*e.g., Amerigold Logistics*) or farm products (*e.g., Osram Sylvania Inc.*). This may also be the way the warehousing branch of a major retailer self-classifies an operation.
- **Air Transportation** (25,466 workers, NAICS 481). These operations include passenger airlines (*e.g., JetBlue Airways*), cargo airlines (*e.g., DHL Airways*) and companies integrating both activities (*e.g., Korean Air*). Los Angeles International Airport (*LAX*) has cross-docks that allow air cargo shipments to be assembled into air cargo containers headed for specific destinations. A similar facility is in the planning stages for Ontario International Airport (*ONT*).
- **Rail Transportation** (2,952 workers, NAICS 482). These entities move goods long distances by rail. Southern California is served by Burlington Northern Santa Fe Railway (*BNSF*) and Union Pacific Southern Pacific Railroad (*UPSP*). These firms operate inter-modal yards to which trucking firms either bring or pick-up containers moving in and out of the Southland by rail. Most of this work is outsourced to contractors who operate from within the yards.

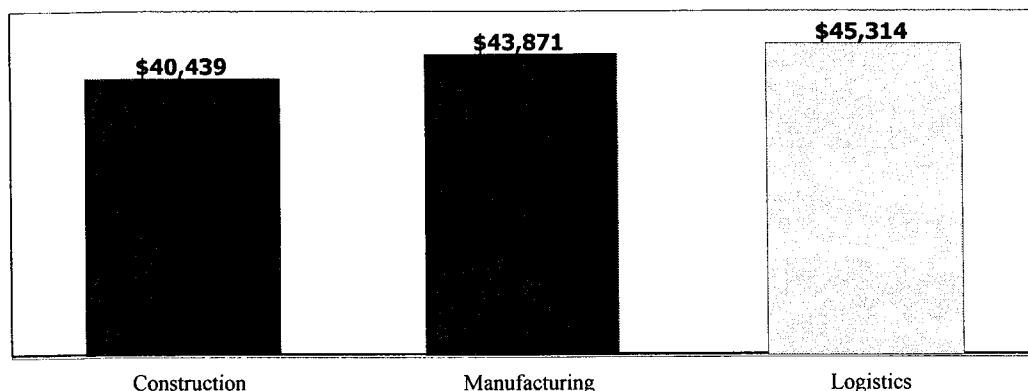
- **Water Transportation (1,789 workers, NAICS 483).** These are the shipping lines that operate out of the ports of Los Angeles and Long Beach (*e.g., American President Lines*). Primarily, they are involved in the movement of containers between Southern California and the Far East.

Logistics: Strong Average Annual Pay. Within these sectors, the average annual wage and salary levels in 2003 were relatively strong (*Exhibit 12*). The highest pay was in the rail transportation (\$55,344), air transportation (\$51,655) and support services for transportation (\$49,829) sectors. The lowest was in the couriers (\$34,049), truck transportation (\$37,449) and warehousing and storage (\$37,938) sectors. Significantly, the weighted average for the group was \$45,314.



Importantly, annual average pay within the logistics group was higher than either the construction (\$40,439) or manufacturing (\$43,871) industries. In addition, two of the three largest segments of the logistics group respectively paid more than the two other blue collar sectors: wholesale trade (\$46,892) and support activities for transportation (\$49,829).

**Exhibit 13.-Average Annual Wage & Salary
Blue Collar Sectors, SCAG Region, 2003**



Source: Quarterly Census of Employment Wages, CA Employment Development Department, 2004

Logistics: Defined Skill Ladders. Within the sub-sectors that make up the logistics group, there are a wide variety of opportunities for workers to increase their incomes with job experience and on-the-job learning. Below four sub-sectors are used to illustrate this point (*Exhibit 14*): trucking/couriers; freight arranging; wholesale furniture and wholesale chemicals. They were chosen as they are representative of the types of firms within the logistics group. In each case, eight levels of training and/or experience are shown plus the number of occupational types, amount of employment and share of jobs in the category. In addition, the average pay for all occupations in the range is given plus the pay for the highest and lowest paying occupations.

Exhibit 14.-Skill & Pay Ranges, Four Sample Logistics Sectors, 2003

Trucking & Couriers	Job Types	Jobs	Share	Low Pay	Avg. Annual Pay	High Pay
Work Experience, Plus a Bachelor's or Higher	10	7,000	3.9%	\$57,541	\$98,297	\$159,003
Bachelor's Degree	7	1,100	0.6%	\$48,454	\$59,214	\$63,133
Work Experience	8	6,100	3.4%	\$34,807	\$51,182	\$83,440
Associate Degree	0	NA	NA	NA	NA	NA
Post-Secondary Vocational Education	4	1,800	1.0%	\$25,796	\$34,142	\$40,398
Long-Term On-the-Job Training	7	6,500	3.6%	\$34,080	\$39,381	\$69,104
Moderate-Term On-the-Job Training	9	15,600	8.7%	\$26,427	\$34,804	\$54,771
Short-Term On-the-Job Training	38	140,700	78.7%	\$16,785	\$31,012	\$39,035
Total	83	178,800	100.0%			
Freight Arranging	Job Types	Jobs	Share	Low Pay	Avg. Annual Pay	High Pay
Work Experience, Plus a Bachelor's or Higher	9	5,000	13.6%	\$57,541	\$99,626	\$159,003
Bachelor's Degree	10	2,100	5.7%	\$48,454	\$64,291	\$86,346
Work Experience	5	1,100	3.0%	\$39,169	\$54,425	\$83,440
Associate Degree		NA	NA	NA	NA	NA
Post-Secondary Vocational Education	3	1,300	3.5%	\$25,796	\$35,687	\$40,398
Long-Term On-the-Job Training	5	700	1.9%	\$34,080	\$43,152	\$69,104
Moderate-Term On-the-Job Training	4	6,100	16.5%	\$33,230	\$41,612	\$48,468
Short-Term On-the-Job Training	17	20,600	55.8%	\$21,732	\$30,515	\$37,128
Total	53	36,900	100.0%			
Wholesale Furniture	Job Types	Jobs	Share	Low Pay	Avg. Annual Pay	High Pay
Work Experience, Plus a Bachelor's or Higher	8	2,700	8.2%	\$57,541	\$100,837	\$159,003
Bachelor's Degree	8	1,500	4.6%	\$26,841	\$51,038	\$63,133
Work Experience	6	1,700	5.2%	\$20,865	\$42,215	\$83,440
Associate Degree		NA	NA	NA	NA	NA
Post-Secondary Vocational Education	2	800	2.4%	\$31,679	\$38,218	\$40,398

Long-Term On-the-Job Training	8	1,900	5.8%	\$19,325	\$40,093	\$69,104
Moderate-Term On-the-Job Training	8	6,900	21.0%	\$17,699	\$43,610	\$54,745
Short-Term On-the-Job Training	21	17,400	52.9%	\$18,699	\$25,066	\$39,035
Total	61	32,900	100.0%			
Wholesale Chemical	Job Types	Jobs	Share	Low Pay	Avg. Annual Pay	High Pay
Work Experience, Plus a Bachelor's or Higher	5	1,500	8.3%	\$57,541	\$105,921	\$159,003
Bachelor's Degree	6	800	4.4%	\$48,454	\$59,082	\$80,737
Work Experience	5	800	4.4%	\$29,188	\$46,632	\$56,871
Associate Degree	2	300	1.7%	\$38,165	\$41,706	\$48,789
Post-Secondary Vocational Education	2	400	2.2%	\$31,679	\$36,039	\$40,398
Long-Term On-the-Job Training	3	1,000	5.6%	\$34,080	\$51,715	\$69,104
Moderate-Term On-the-Job Training	8	6,100	33.9%	\$22,396	\$51,015	\$74,041
Short-Term On-the-Job Training	16	7,100	39.4%	\$18,699	\$26,962	\$39,035
Total	47	18,000	100.0%			

Source: CA Employment Development Department, CA Staffing Patterns by Sectors, CA Occupational Employment Statistics, 2003

For workers with limited educations, there are several significant facts shown by these data:

- **Most Jobs Require Experience Not Schooling.** The vast majority of jobs require short, moderate or long term on-the-job learn, not degrees. This means the logistics group provides upwardly mobile opportunities to the large and growing number of marginally educated workers in Southern California. Among the four sectors studied, the shares of jobs in these categories were: trucking & couriers (91.1%); freight arranging (74.3%); wholesale furniture (79.6%); wholesale chemical (78.9%).
- **No Minimum Wage Work.** In each case, the occupations that required the lowest level of experience or training (*short term on-the-job training*) offer entry level workers relatively low pay levels, but in no case are they minimum wage jobs:
 - trucking & couriers paid \$16,785 (\$8.07 an hour)
 - freight arranging paid \$21,732 (\$10.45 an hour)
 - wholesale furniture paid \$18,699 (\$8.99 an hour)
 - wholesale chemical \$18,699 (\$8.99 an hour)
- **Proceeding Up Skill Ladder To Average Pay Levels Yields Healthy Incomes.** When workers stick with firms in these sectors, they can proceed up to average pay levels that are relatively strong, even if they never get out of the lowest category of work. Thus, the average lowest grade annual pay levels are:
 - trucking & couriers paid \$31,012 (\$14.91 an hour)
 - freight arranging paid \$30,515 (\$14.67 an hour)
 - wholesale furniture paid \$25,066 (\$12.05 an hour)
 - wholesale chemical paid \$26,962 (\$12.96 an hour)
- **Longer Experience Gives Higher Incomes.** For workers with ambition, the positions in for the *moderate* and *long* term, on-the-job training offers higher average pay levels:
 - trucking & couriers go up to averages of \$34,804 (*moderate*) and \$39,381 (*long*)
 - freight arranging goes up to averages of \$41,612 (*moderate*) and \$43,152 (*long*)
 - wholesale furniture goes up to averages of \$43,610 (*moderate*) and \$40,093 (*long*)

- wholesale chemical reaches averages of \$51,015 (*moderate*) and \$51,715 (*long*)

Logistics: Information Technology Reason For High Pay Scales. It has been common wisdom that the warehousing and distribution sector is one that does not pay well. Certainly, this was true in earlier times when the sector was labor intensive and used a minimum of capital equipment. As the data show, this is no longer valid. The shift has occurred because of the advent of “just-in-time” inventory control systems in the nation’s manufacturers and retailers and the adoption of robotics and information technology by the logistics industry. The result is a logistics group that has become one of the most capital and information intensive parts of the U.S. economy. As often happens, worker pay has risen with efficiency.

An examination of how the logistics now operates shows how it has been affected by technology:

- In 2004, most of the goods and parts used by retailers and manufacturers are bar coded. When they are sold or used, laser scanners tell corporate computers that these items have left inventory. These systems are programmed to only order new supplies after inventories have reached pre-determined low levels. This “just-in-time” process lowers the risks of firms buying items they will never use. It also reduces their costs since at any given time less inventory is being held and financed.
- At the other end of the ordering process, logistics firms usually receive their orders through the internet or e-mail connections. They also provide systems that allow their customers to track the location of their merchandise. The office staffs of logistics companies must therefore be computer literate.
- Once received, orders are normally transmitted to the warehouse floor via computer terminals. Floor supervisors must therefore be computer savvy. Since modern warehouses range up to 1.3 million square feet of space (*30 acres*), supervisors often maintain contact with their staffs by a personal digital assistant, technology that warehouse workers must master. The orders to pick-up merchandise ultimately are put into a paper format including bar codes that the staff must attach to the merchandise.

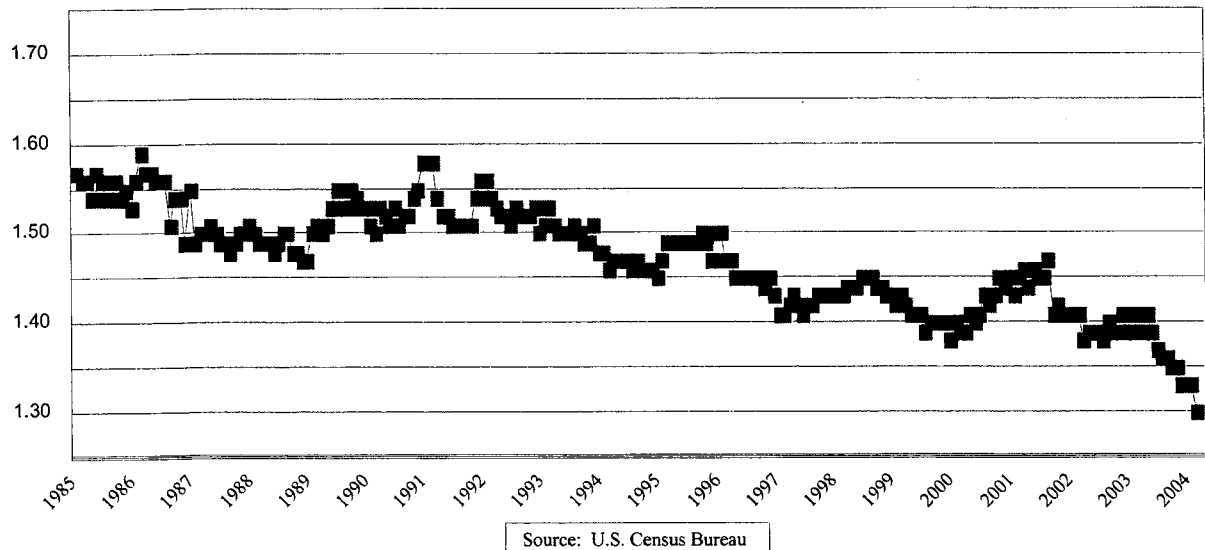


- Most of the staff in today's modern warehouses move merchandise from storage racks on to conveyor belts using fork lifts capable of reaching up to 40-foot heights. In the process, bar codes are placed on to the orders so that laser scanners can route them along the conveyors to the appropriate shipping bays. In the most sophisticated warehouses, robotic equipment is now performing these "picking" tasks.
- When shipments are placed into containers, global positioning satellite (*GPS*) chips are often attached to them so that they can be tracked around the world. When shipments are packed loosely into trucks, the vehicles themselves are often equipped with this technology. The companies thus need their staffs be trained in using this tracking software.
- As drivers move shipments, they maintain frequent communicate with their offices using web-based systems in the cabs of their trucks. Those drivers making numerous deliveries likely have a GPS system on board to help them follow routes that minimize travel time and distance. Again, the staff must be trained in the use of these systems. In addition, the routes they travel have been planned by office workers who must be knowledgeable in the use of geographic information systems software (*GIS*).
- With more and more merchandise entering Southern California's warehouses from Asia, product quality has become an supply chain management issue. As a result, firms are hiring an increasing number of workers to open shipments and randomly test whether they meet product quality standards. This requires workers able to use a variety of sophisticated measuring tools.
- A growing number of firms are including manufacturing or assembly operations within their warehousing facilities. This is adding to the types of jobs available within them.

It is this information and capital intensive world that has allowed the nation's goods to flow at the speed that they do now. The sector's pay scales have risen as a result.

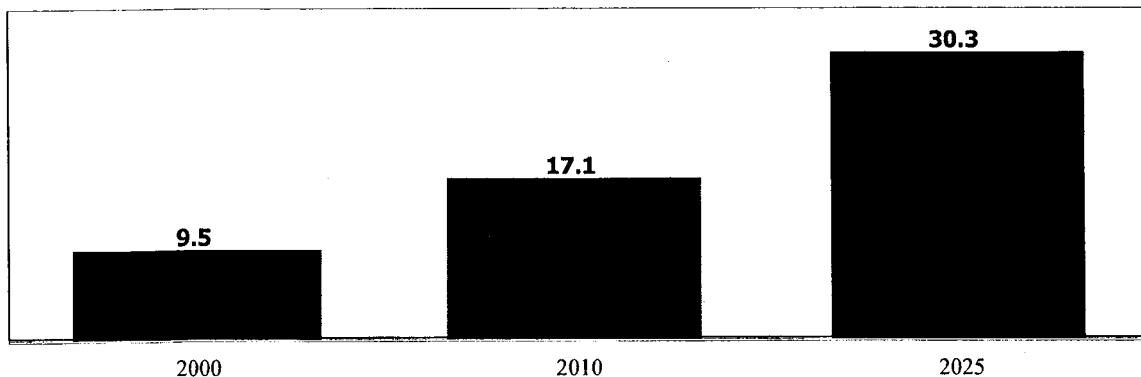
Logistics: Powerful Long Term Potential In Southern California. Meanwhile, the growth of employment in the logistics sector should not be a short term phenomenon. Earlier, it was shown that the logistics group was among the few non-population related parts of Southern California's economy to provide significant job growth from 1990-1993. Thus, wholesale trade plus transportation/warehousing added 71,133 jobs in this period (*Exhibit 3 earlier*). In the recovery phase from 1993-2003, they were responsible for 95,133 new jobs. This occurred as trade with Asia soared and just-in-time systems caused the level of inventory held by U.S. companies per dollar of sales fall to the lowest level in U.S. history (*Exhibit 15*). At the same time, just-in-time systems have led to the creation of a series of large goods holding and processing areas in the United States. Given the importance of Asian trade, Southern California is one of these centers.

Exhibit 15.-U.S. Inventory to Sales Ratio, 1985-2003



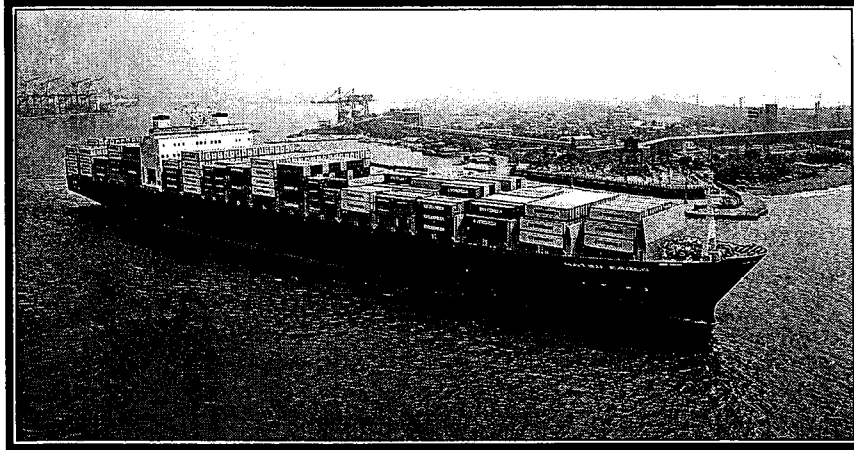
- International Trade.** Looking ahead, it is clear that the volume of international trade expected to arrive in Southern California will continue to set all time records. The Chinese economy is expected to continue its rapid growth with India joining it. The Japanese appear to be emerging from its long period of economic malaise. Smaller Asian countries like Korea, Malaysia and Singapore are again surging. At the same time, the technology of sea borne containerized traffic is changing with the advent of huge “post-Panamax” super-cargo ships. These container ships are too wide to go through the Panama Canal. They require so much water depth that the only West Coast ports from Alaska to Chile able to handle them are Los Angeles and Long Beach and Seattle-Tacoma harbors.

Exhibit 16.-Ports of Los Angeles & Long Beach Containerized Cargo, 2000-2025 (millions of TEUs)



TEU = 20 foot equivalent units
Source: Alameda Corridor-East Trade Corridor, 2001

Combined, these two developments have led SCAG to forecast that from 2000-2010 the number of standardized cargo containers (*TEU=twenty-foot equivalent units*) moving through Southern California's ports will rise from 9.5 million in 2000 to 17.1 million in 2010, a gain of 80.6% (*Exhibit 16*). By 2025, the volume is anticipated to reach 30.3 million containers, more than triple the 2000 level. This will put an incredible strain on the companies, workers and infrastructure that must off-load, move, unload, store and distribute this cargo. Commensurate with this growth, the amount of employment supplied by firms in the largely blue collar logistics sector must rise dramatically.

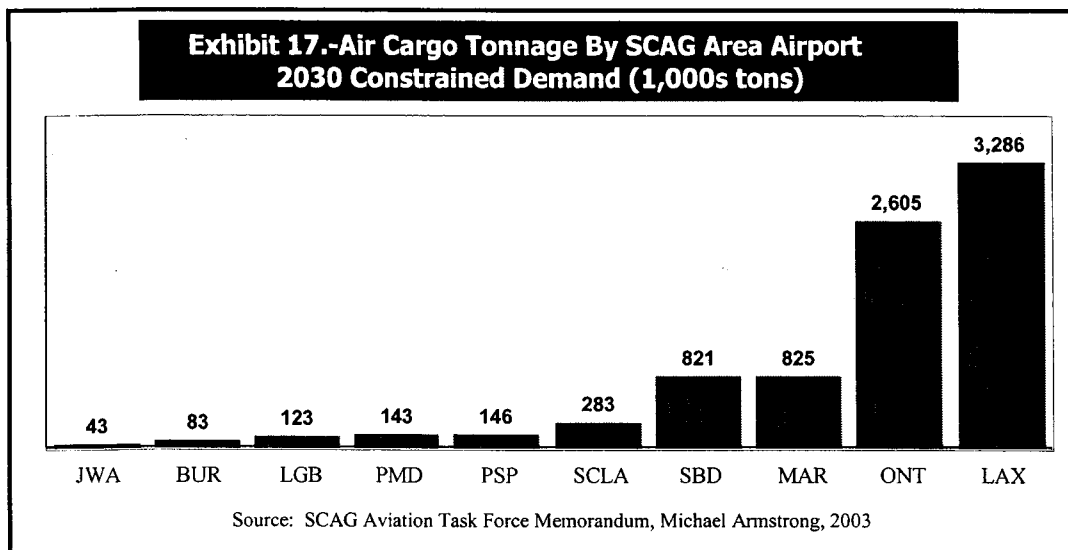


- **E-Commerce.** Another aspect of the logistics sector's growth is the increasing importance of e-commerce. In 2001, Forester Research, a specialist in technology issues, indicated that on-line sales represented \$51.3 billion or 2.4% of the \$2,160 billion in U.S. retail sales. In 2002, this jumped by 41% to \$72.1 billion. That represented 3.2% of the nation's \$2,250 billion in total retail trade. Initially, many e-commerce firms failed because they could not reliably get products to their customers. Today, the key to success is their ability to deliver goods through efficient supply chain management systems. That is virtually the same challenge faced by wholesalers delivering inventories to businesses using just-in-time inventory systems though these firms have the added complexity of needing to reach nearly every home in America, if not much of the world.



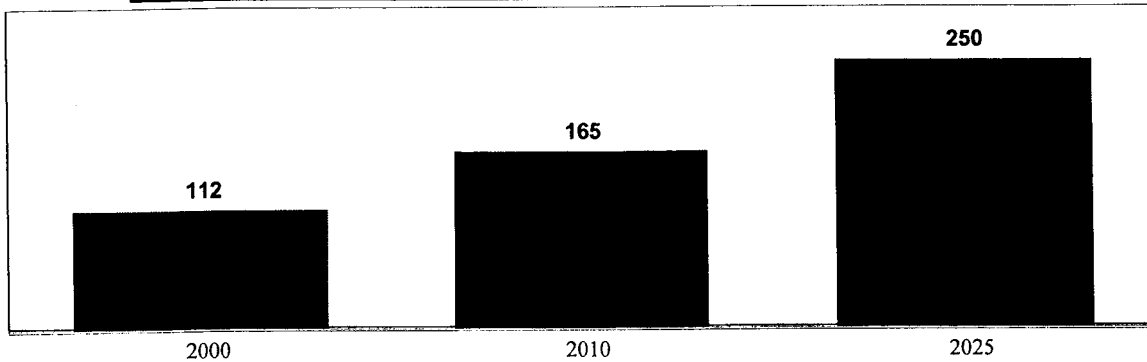
Given the level of international trade and entrepreneurship in Southern California, the provision of logistics for e-commerce firms is an important aspect of the area's warehousing sector and one that will grow along with this accelerating phenomena. Its im-

portance can be implied from the region's air cargo figures. In 2002, Federal Express (525,078 tons) and UPS (383,078 tons) represented 37.1% of all air freight moving through LAX and ONT. An increasing share of this activity was undoubtedly related to e-commerce.



- **Air Cargo.** Certainly, the growth of all forms of air cargo is another aspect of the anticipated increase in Southern California's logistics sector. In 2002, this activity totaled 2.6 million tons. By 2030, SCAG forecasts that this will more than triple to 8.4 million tons. This will occur because of the need for very high speed delivery among small, high value items like computer parts and pharmaceuticals. There will thus be an enormous expansion in the air cargo moving through Southland's airports. Here, it is interesting to note that in 2002, LAX handled 1.9 million tons of air cargo or 71% of the region's total. In 2030, the spread of logistics activities will see it handling 3.3 million tons or only 39% of the region's total (*Exhibit 17*).
- **Railroads.** Another sign of the enormous strength of Southern California's logistics sector is the growth of railroad activity. In 2000, an average of 112 freight trains per day left the Los Angeles area to move through Orange County and the Inland Empire before moving on to points east. By 2010, SCAG forecasts that this will rise to 165 a day, an increase of 47.3%. By 2025, the level is expected to have more than doubled to 250, an increase of 123.2% (*Exhibit 18*). To handle this volume, there will have to be a significant increase in the amount of track available to UPSP and BNSF railroads. Importantly, this forecast does not include allowance for shuttle trains moving unsorted containers between the harbors and the inland area (*see below*).

**Exhibit 18.-Los Angeles-Inland Empire Railroad Forecast
Average Daily Freight Trains, 2000-2025**

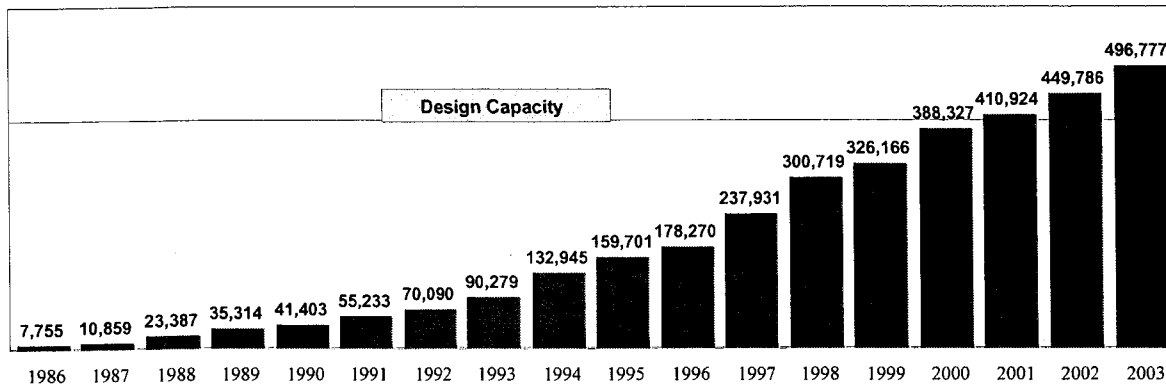


Sources: Orange County Gateway Study, 1999; Alameda Corridor-East Trade Corridor Study, 2001

Another aspect of the railroad business is the growth that has occurred in the volume of intermodal lifts at the region's rail yards. These are the facilities where containers are transferred by trains and trucks. Perhaps the most telling example of how aggressive the volume of cargo being handled in Southern California has become is what has occurred at BNSF's expanded intermodal facility in San Bernardino. When this expansion opened in 1996 with 178,270 containers lifts, the railroad indicated that it expected the yard to reach its 400,000 lift design capacity in 2006. In fact, volume surpassed that level in 2001 even though the facility handles no international freight (*Exhibit 19*).

Looking ahead, BNSF and UPSP indicate that they will need at least one new intermodal yard a piece to keep up with the expanded volume of containers they anticipate handling in the near future. In addition, with international trade at the ports growing dramatically, it is clear that the speed at which containers need to be moved to processing centers must accelerate. The Alameda Corridor will help. However, the intermodal yards in Commerce-Vernon are too cramped to keep up. This means that unsorted, loaded containers will need to be shipped inland by rail for processing. This will require yet another intermodal facility, one located in the Inland Empire and dedicated to handling this aspect of international trade. It would have the added benefit of removing trucks from the freeways between Los Angeles County and the Inland Empire since that is how many of the containers containing goods bound for storage in the inland region are currently moved.

**Exhibit 19.-Burlington Northern Santa Fe Railway Container Lifts, 1986-2003
San Bernardino, California**



Source: Burlington Northern Santa Fe Railway

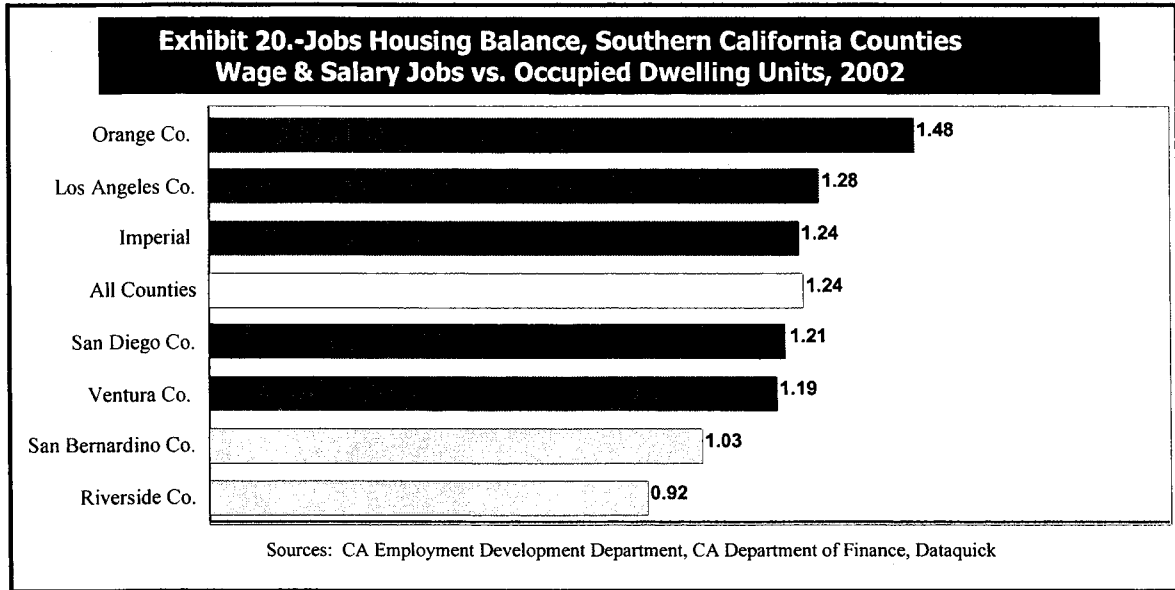
Logistics: Significant Issues. Like any major change in the economy, the growth of the logistics industry will bring significant long term issues:

- **Land Hog.** Logistics facilities require massive amounts of land. This is the case as the technology involved in the efficient movement of massive amounts of cargo through the ports, intermodal rail yards and warehouses require very big facilities. For the ports, it means obtaining huge cranes and finding the space to temporarily hold very large numbers of containers before they can be shipped away. For the railroads, it means building several large new intermodal facilities for processing containers between trains and trucks. For the warehouses, it means finding room for the gigantic facilities implied by their technologies. For instance, today's largest warehouses run to 1.3 million square feet of floor space with 40-foot ceilings. That means 60 acres of land, assuming 50% coverage. Meanwhile, in recent years, the average logistics facility has created one new job for every 2,200 square feet of space. That is more than twice the ratio of one job per 1,000 square feet in manufacturing and seven times the one job per 300 square feet in office.
- **Inland Locations.** Within in Southern California, a significant percentage of the new logistics facilities will have to be located in the Inland Empire. This is the case because much of the region's available unused industrially zoned land is located in the inland area. Even there, the recent industrial "hot zone" from Rancho Cucamonga to Corona, west of the I-15 freeway, is running out of space. This means a huge share of the facilities will have to be built from Fontana to Banning along the I-10 freeway, in the Moreno Valley-Perris area along the I-215 freeway or in the Victor Valley area of the High Desert along the I-15 freeway. Other areas with space include the Santa Clarita and Lancaster/Palmdale portions of Los Angeles County

Building major logistics facilities in the Inland Empire will have the advantage of putting companies that pay relatively well and have defined skill ladders in the Southern California area that has the largest share of marginally educated workers (*Exhibits 9-10 earlier*). It is also the place with an average of 1.04 ratio of wage and salary jobs per occupied dwelling. That is far below the 1.24 average for Southern California and indicates that

large numbers of commuters must daily drive from the area to jobs in coastal counties (*Exhibit 20*).

On the other hand, locating these facilities in the Inland Empire will mean that a good deal of its available land will be absorbed by giant facilities with a relatively low number of jobs per acre. It also means the area will host at least two additional intermodal rail facilities, one for BNSF and one for UPSP.



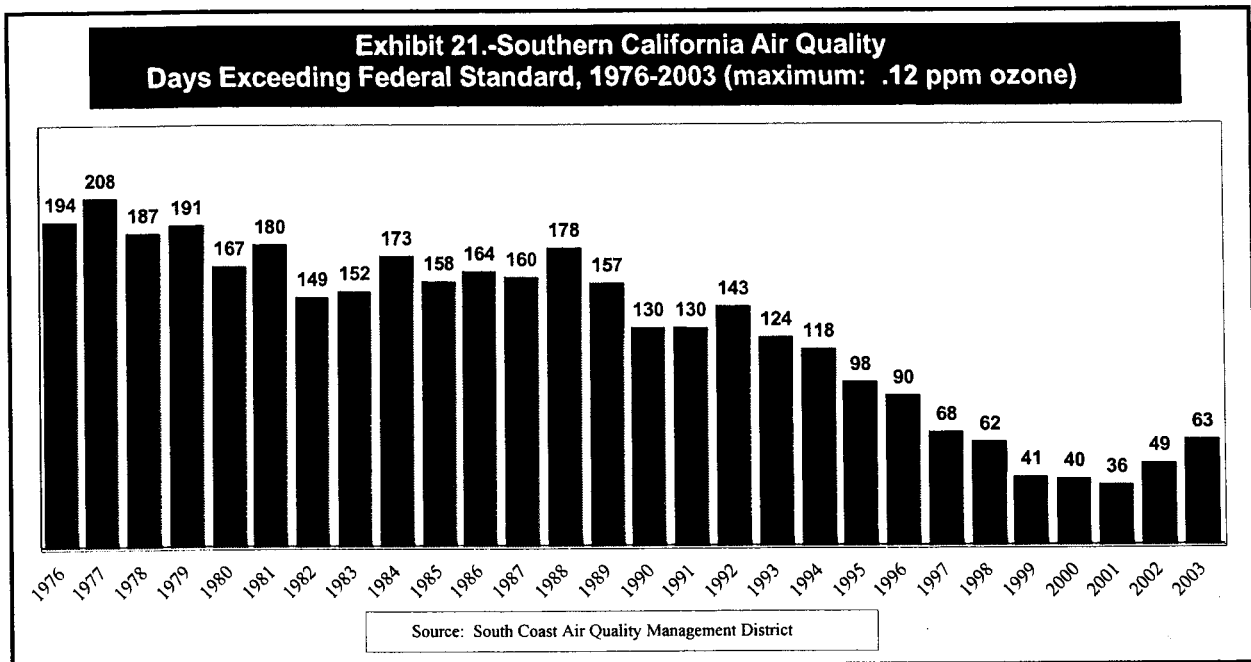
- **Truck Traffic & Freeway Financing.** The rapid growth of the logistics sector means that the number of trip miles driven by 18-wheel trucks along Southern California's already overcrowded freeways and arterial roads will increase dramatically. Given the lack of right of ways as well as the lack of funding for transportation facilities, the dramatically increased truck volume will help to slow the region's transportation system to a crawl. This difficulty will particularly impact the inland region since that is where much of the future growth of the logistics sector will have to be concentrated.

- **Rail Traffic & Financing.** Forecasts made for SCAG indicate that the dramatic growth expected in the number of trains running daily along the tracks of UPSP and BNSF railroads mean that in about 2012, Southern California's rail system will reach capacity. The only way that the railroads will be able to expand is if either their corporate owners or the federal government fund a significant increase in track capacity.

However, even if that funding is found, it is a fact that most of the arterial roads that cross railroad tracks in the San Gabriel Valley, Orange County and the Inland Empire do so at-grade. As a result, the increase in rail volume will essentially cut the cities located along these tracks in half. Currently, there is no source of funds in place to build grade separations and alleviate this problem.

- **Air Quality & Diesel.** In recent years, Southern California has managed to significantly lower the number of days in which it is not in compliance with the federal air quality ozone standard of 0.12 parts per million (*Exhibit 21*). However, recently the

trend has begun to move back up. One of the primary uncontrolled source of emissions are the fumes from diesel engines. As the logistics industry increases in importance, the contribution to this problem by trucks, trains and ships will likely grow.



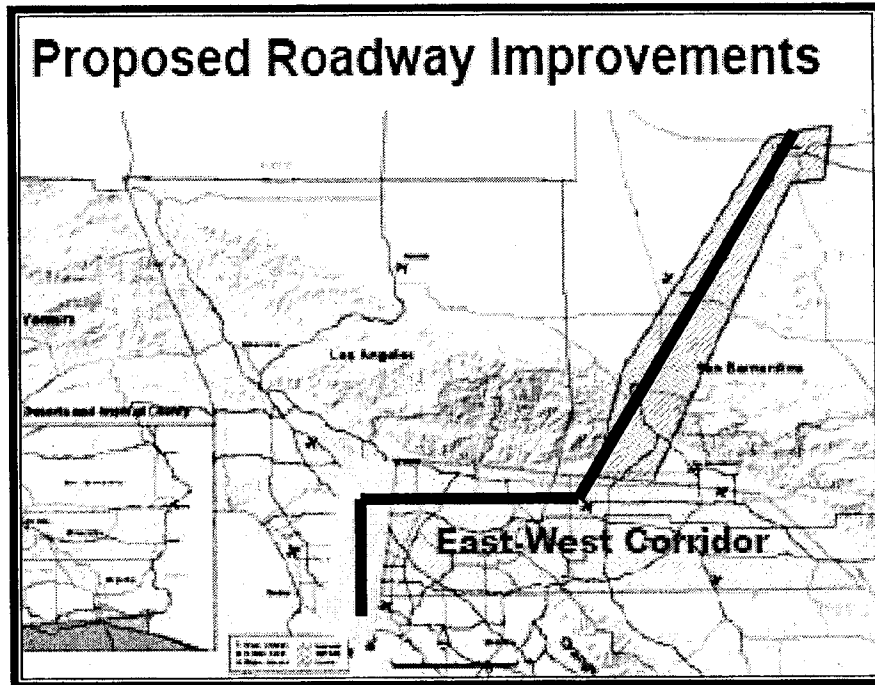
- **Shuttle Trains & Financing.** A special rail difficulty is the issue of using shuttle trains to move full international container shipments from the ports of Los Angeles and Long Beach to an inland intermodal facility for processing. In particular, this would be used for merchandise that is bound for inland warehouses. These trains would have the advantage of freeing space and capacity in the ports and the nearby intermodal yards. As indicated earlier, it would also help remove truck traffic that is currently moving this merchandise from Los Angeles County to the Inland Empire.

However, a location needs to be identified for yet another intermodal rail yard in the inland area. In addition, track capacity and grade separations are already issues for the railroads and this would add to their difficulties. Importantly, the railroad indicate that the handling cost of loading and unloading containers is such that it is not profitable for them to process shipments unless they are moving beyond the Rocky Mountains. If a shuttle train is to be a success, a cash flow would have to be found to change these economics.

Logistics: Strategies For Success. Southern California's leaders have begun developing a variety of strategies that would allow policy makers to encourage the logistics group while mitigating the worst of its difficulties. This is important given the ability of firms in these sectors to provide a growing base of good paying jobs in the skill ladder environment needed by the area's numerous marginally educated workers. Successful implementation would allow the region to begin dealing with its loss of standing on the basis of both per capita income and payroll per job:

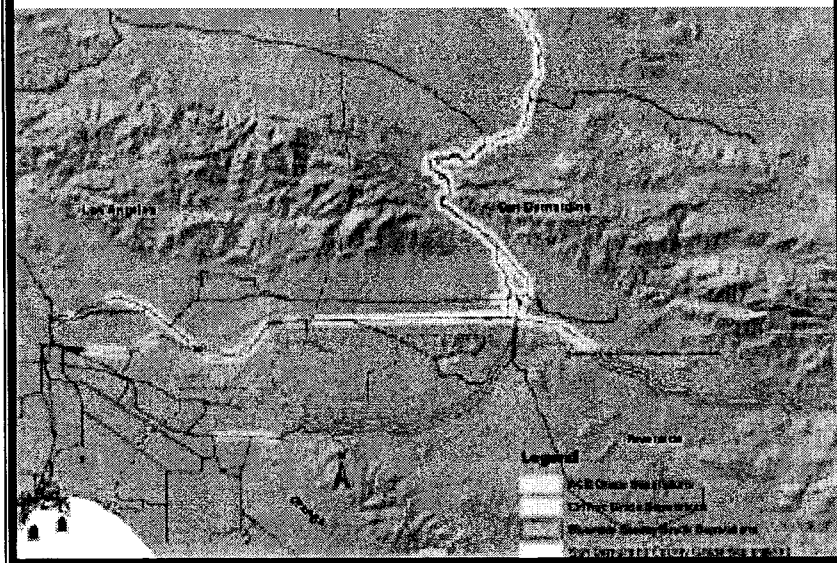
- **Operation Jump-Start.** Several of the problems facing the growth of the logistics group flow from the lack of funding for the transportation infrastructure needed to

both permit the sector to grow and to offset the congestion that its growth implies. Here, SCAG's Operation Jump-Start outlines a route for dealing with these issues. It represents a strategy for providing transportation companies with benefits that will increase the speed and lower the cost of moving goods in exchange for them providing a cash flow to privately finance key parts of Southern California's infrastructure:



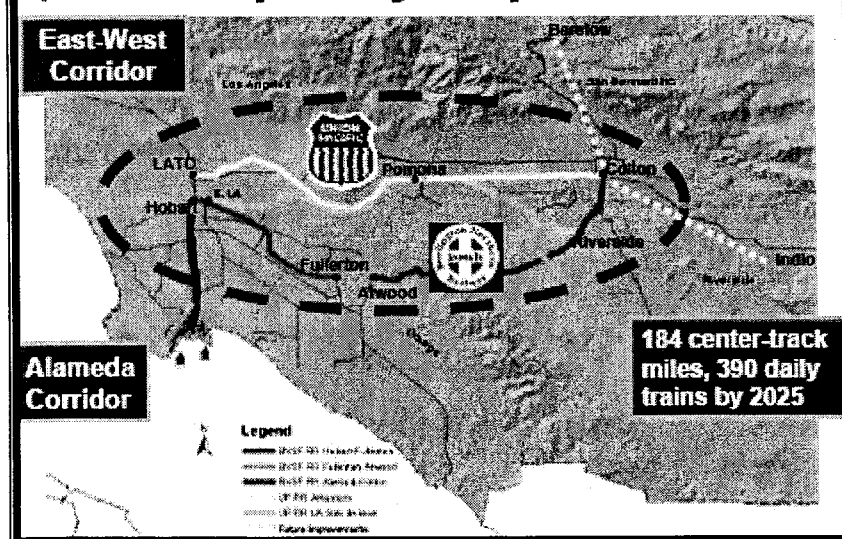
- **Dedicated Truck Lanes.** To decrease congestion, increase safety and lower the amount of pollution from idling trucks, dedicated truck lanes would be added to the I-15 freeway from the Victor Valley to the SR-60 in Ontario, along the SR-60 from there to the I-710 and along the I-710 to the harbors. The 141.8 miles of additional lanes would be financed with a truck toll of \$0.56 per mile to cover construction and maintenance. The \$16.5 billion raised would finance the project through tax exempt bonds. Heavy trucks isolated from competition with other vehicles would allowing triple trailering to be an option.
- **Expanded Railroad Track & Grade Separations.** To expand the capacity of the rail system, additional tracks would be laid on the UPSP and BNSF routes from Los Angeles through the San Gabriel Valley, Orange County and urbanized Inland Empire. In addition, grade separations would be built along the major arterials along this route to eliminate delays on surface streets and the noise of whistling trains. These projects would be funded by a \$5.39 fee per container that would cover the \$1.2 billion cost of building the additional rail capacity and \$2.2 billion cost of overpasses and underpasses across the tracks. Tax exempt finance would be authorized to undertake these efforts.

Grade Separations



Together, these projects would ensure that international cargo could move through the Inland Empire at high speed without all of the delays and vehicle traffic disruptions inherent in the current over-burdened system.

Rail Capacity Improvements



- **High Speed Maglev System.** While not directly related to the movement of goods, SCAG's strategy also provides for a \$6.2 billion privately funded high-speed Maglev train system to initially connect LAX to ONT. Ultimately the system would bind together the main population centers in Southern California. It would benefit the logistics sectors by decreasing the amount of automobile traffic and increasing the efficiency of Southern California's transportation system.

- **Shuttle Trains-Inland Port.** Currently, international cargo that is bound for warehouses in Southern California is off-loaded near downtown Los Angeles. Much of it is hauled by truck along the SR-60 and I-10 freeways to the growing base of warehouses in the Inland Empire. The Alameda Corridor Transit Authority has begun investigating the feasibility of an “inland port” (*intermodal rail yard for international cargo*) in either the Devore, Victor Valley or San Geronio Pass areas of the inland area to speed the flow of this merchandise while removing it from these congested freeway corridors. Their strategy would require the building of the expanded rail capacity outlined with Operation Jump-Start as shuttle trains would be used to move the cargo to this new facility. The current difficulty with this approach is finding a financing source for the added cost of handling these containers.
- **Additional Intermodal Rail Yards.** As with other aspects of Southern California’s goods handling infrastructure, the region’s intermodal rail yards near downtown Los Angeles and in San Bernardino are reaching their absolute capacity. This is leading to time delays in moving both domestic and international containers between trains and trucks. Both BNSF and UPSP are investigating the building of new facilities. Due to its large swaths of land along the main lines of both companies, the Inland Empire would be the location of these yards. The locations under consideration are in the city of San Bernardino, near Southern California Logistics Airport in Victorville and in San Geronio Pass.
- **Expanded Air Cargo Capacity.** Every forecast of air cargo usage indicates that LAX cannot begin to handle the long term volume anticipated for Southern California. With the demise of the El Toro airport proposal, most of the region’s additional capacity is being developed in the Inland Empire. Los Angeles World Airways has just picked a developer for a one million square foot air cargo cross-dock facility for ONT. Hillwood (*a Perot Company*) is working with the Inland Valley Development Agency to build a 240,000 square foot air cargo facility at San Bernardino International Airport (*former Norton Air Force Base*). Southern California Logistics Airport (*former George Air Force Base*) already provides two hour turnaround time for dedicated air cargo carriers. March Air Reserve Base is being developed as a joint use facility that will also handle dedicated air cargo carriers.

Should these strategies be brought to fruition, Southern California would benefit in several ways. During the construction phases, a very large number of blue jobs would be created. These jobs plus the strong multiplier impacts of construction spending would buoy the region’s economy. Once the projects are completed, the efficiency and competitiveness of the Southland’s economy would be enhanced while the most negative aspects of congestion and idling vehicles would be mitigated. Importantly, this expanded infrastructure backbone would unleash the potential strength of the logistics sectors, offering Southern California’s marginally educated workers a growing path towards on-the-job learning and higher standards of living. Ultimately, these strategies thus offer the region a way to address the recent declines in its relative prosperity.

Summary

In the late 1950's, President Dwight Eisenhower recognized the close connection between transportation infrastructure, economic efficiency and the standard of living. He therefore launched the building of the Interstate Freeway. It is hard to imagine the performance of today's U.S. economy had that conservative President not convinced the Congress to move forward with the investment in this extraordinary system. In the 1960's, Governor Pat Brown saw the connection between infrastructure and economic growth and undertook the building of the California State Water Project. Again, it is hard to imagine the performance of California's economy had that moderate Governor not made the investment in this mammoth project.

In the 2000's, Southern California faces infrastructure challenges that rival those efforts. If the area's economic power is to be unleashed, its economy must be freed of the constraints imposed by lack of truck, rail and airport infrastructure. Investment in these projects would have the beneficial effect of allowing the region's logistics sector to accelerate, providing a growing base of good paying jobs which its marginally educated workers can learn via on-the-job experience and learning. This would appear to be the only route that the region has available to helping those workers achieve growing standards of living while simultaneously correcting the recent deep slide in Southern California's relative prosperity vis-à-vis other major parts of the country. Importantly, it would do so while helping to mitigate the environmental difficulties caused by the inevitable increase in truck and rail traffic congestion and idling diesel engines.

MEMO

DATE: July 23, 2004

TO: Transportation & Communications Committee

FROM: Naresh Amatya, Lead Regional Planner,
213-236-1885 ; amatya@scag.ca.gov

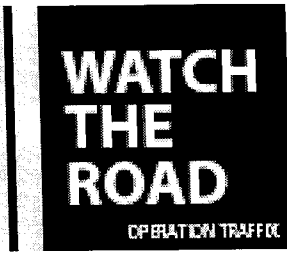
RE: Watch The Road Campaign

RECOMMENDED ACTION: Information Only.

SUMMARY:

Watch the Road is a major traffic safety campaign underway that is designed to reduce the bad behaviors of roadway users in Los Angeles County. The campaign was formally launched in May of this year and is expected to last about 18 months. The attached fact sheet provides the basic information relative to this program.





FACT SHEET

In the past five years, 3550 people tragically died on the roadways in Los Angeles County due to traffic crashes. Another 440,000 people sustained injuries. The aftermath of these crashes is heartrending; the cost to society is billions of dollars. Additionally, crashes contribute to millions of hours of unexpected traffic congestion.

Watch the Road is an education and awareness campaign designed to reduce the bad behaviors of roadway users in Los Angeles County that contribute to traffic crashes. The campaign targets drivers, pedestrians and bicyclists; its goals are to save lives, reduce injuries and relieve traffic congestion.

Operation Traffic

Operation Traffic is a collaboration of organizations that founded the **Watch the Road** Campaign. The collaboration is committed to increasing traffic safety and mobility in the Los Angeles region. Membership in the collaborative is open to all organizations – public, private and non-profit. The founding members of the collaborative include:

- Automobile Club of Southern California
- California Department of Transportation
- California Highway Patrol
- City of Los Angeles Department of Transportation
- County of Los Angeles Department of Public Works
- Greater Los Angeles New Car Dealers Association
- Los Angeles County Metropolitan Transportation Authority
- Southern California Association of Governments

Campaign strategies

- Make campaign brand synonymous with good road-user behavior
- Create and leverage broad community support for campaign
- Optimize effect of campaign messages
- Sustain campaign for at least 18 months
- Manage campaign to achieve desired results

Desired Results

- Heightened awareness for responsible driving, bicycling and walking
- Modified behavior of target audiences
- Reduced fatal and injury crash rates
- Less traffic congestion
- Continued Countywide collaboration to leverage resources and promote message

Target Audiences

Los Angeles County motorists, bicyclists and pedestrians

Top Ten Roadway User Bad Behaviors

- Driving too fast for conditions
- Aggressive driving
- Inattentive driving
- Driving under the influence
- Driving through red light
- Not yielding to pedestrian
- Bicycling on left side of road
- Bicycling through red light
- Walking without looking
- Walking outside crosswalk

Duration

The campaign will launch in mid-May 2004. It is anticipated to last for at least 18 months, to January 2006.

How to Get Involved

You can get more information about Operation Traffic, and the Watch the Road Campaign, by contacting the City of Los Angeles Department of Transportation at **(213) 580-5470**. Some ways to become involved include:

- Placement of campaign messages on billboards, magazines, newspapers, newsletters, public areas, television, and other communication outlets
- Distribution of campaign materials to community groups, schools, associations, customers and other stakeholders
- Underwriting the production and development of supplemental campaign material
- Sponsorship of campaign ads on the radio, television, and internet
- Host an awareness fundraiser
- Tax deductible contributions

Info on the Net

A copy of this Fact Sheet and other information can be downloaded from www.watchtheroad.org

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MEMO

To: Transportation and Communications Committee
From: Arthur Bauer, Finance Consultant to SCAG
Date: August 13, 2004
RE: Status of State Transportation Funding and Policy Issues.

RECOMMENDATION: For Information Only

SUMMARY: There are currently several state transportation funding issues that are related to building the projects in the 2004 adopted Regional Transportation Plan, both in the near term as well as in the outer years of the plan. The constraints on the availability of near-term transportation revenues can have important consequences for achieving conformity in the SCAG Region, as they may impede the construction of transportation control measures (TCMs) by 2010. In this memorandum, the near-term issues of the STIP shortfall, toll bridge financing for the eastern span of the San Francisco-Oakland Bay Bridge and the equity issues associated with the North/South are summarized. The long-term implications of the transportation reform proposed by the California Performance Review report will be briefly discussed.

A thorough review of these issues will be presented at the TCC meeting. By that time the funding issues associated with the Bay Area Toll Bridges should be resolved and its statewide implications, if any, should be obvious.

BACKGROUND:

2004 STIP Financing

The California Transportation Commission recently adopted the 2004 STIP, California's capital outlay program for capacity increasing transportation projects that are funded entirely or in part by state transportation revenues. However, the CTC does not anticipate releasing funds for new projects until after the November 2004 election. The CTC had anticipated funding \$2.2 billion in projects this fiscal year. In fact, the most it might be able to fund is perhaps \$500 million in projects. This is because of the loans and transfer of transportation revenues to the state general fund and the lower than estimated federal revenues. About \$5 billion has been lost to transportation between the 2002-03 and 2004-05 fiscal years.

The CTC is counting on \$1.2 billion in revenues from the new Indian gaming compact, reauthorization of the federal transportation funding legislation and adjusting the taxation of ethanol to recoup over \$300 million for California from the federal government to fund this years program.

North/South Split

The North/South split is a formula to addressing geographic equity in the expenditure of capital outlay funds for highway improvements in the state. Thirteen counties comprise the southern group and 45 counties comprise the northern group. The split is currently 60% to the South and 40% to the North. Within each county group, the eligible revenues are distributed among the counties on a formula based on centerline miles and population.

The revenue sources that are included in the calculation of the North/South split includes the following revenue sources:

- Regional Transportation Improvement Program
- 40% of the Interregional Transportation Improvement Program
- Public Transit Account allocated to Caltrans that may be matched with local revenues to fund transit projects
- Transportation Investment Fund revenues that are used for STIP projects

The Legislature has exempted two capital outlay programs from the split, the SHOPP program and the Seismic Safety Retrofit Program. The Retrofit program has been seen by the Legislature and transportation interest as a statewide safety program to reduce the probability of bridges collapsing during earthquakes and should be exempt from the split. The SHOPP was exempted from the split with the enactment of SB 45 in 1996. The argument for this action was that the SHOPP is a system protection program, based on needs. This is an important point of controversy because the total cost of the SHOPP on a yearly basis is nearly the same as the STIP. Other expenditures not included in the calculation of the North/South split are the following:

- Maintenance of state highways.
- Caltrans' operations, e.g., legal, general administration, planning, civil rights, human resources, etc.
- Local Assistance, including railroad grade crossing maintenance, bicycle transportation account, congestion mitigations and air quality, regional surface transportation programs, local highway bridge replacement and rehabilitation, local seismic retrofit, local hazard elimination and safety and local emergency.
- The Traffic Congestion and Relief Program.
- Environmental Enhancement and Mitigation Program.

In terms of the North/South split, accounting for it programmatically does not account for all the expenditures on highway projects. For example, the settlement of construction projects with contractors occurs long after construction is complete and the value of the claim would not be assigned to a project for the equity calculation. Prior to SB 45, the North/South split was calculated on the basis of the actual project costs.

Toll Bridge Funding

The funding of the seismic retrofitting and reconstruction of the east span of the San Francisco-Oakland Bay Bridge has been a continuing transportation funding issue for several years. Since the Loma Prieta Earthquake in 1989, there has been a continuing effort to improve the seismic safety of the seven state owned toll bridges in the San Francisco Bay Area. Legislation enacted in 1997, the new Bay Bridge was estimated to cost \$1.285 billion. In 1996, the total bridge program was estimated to be \$2.6 billion. Today, the total program cost has

ballooned to nearly \$9 billion. The new eastern span is estimated now to cost \$5 billion, nearly twice the \$2.6 billion estimate made in 2001. Funding for the bridge program is from Seismic Retrofit Bonds enacted in 1996, tolls and a portion of \$745 million from the State Highway Account for bridge retrofit. The options include raising the tolls, refinancing the bonds and dipping back into the Highway Account. With contracts awaiting to be awarded the legislature has until the end of the session to adopt a funding strategy to cover the shortfall.

California Performance Review

The California Performance Review is a report on reorganizing state government to improve its efficiency and effectiveness. Among the transportation reforms are the following:

- Place the Caltrans functions in an Infrastructure Agency that would also include the functions of the department of water resources, the energy commission and other infrastructure related functions.
- Abolish the California Transportation Commission.
- Transfer 6,500 miles of state highways to local governments.
- Implement more hot lanes and toll roads.
- Transform the gas tax to a vehicle miles traveled fee.

MEMO

DATE: September 2, 2004

TO: The Transportation and Communications Committee (TCC)

FROM: Charlotte Pienkos, Government Affairs Analyst
Phone: (213) 236-1811 E-Mail: eckelbec@scag.ca.gov

SUBJECT: State and Federal Legislative Update

SUMMARY:

With the State Legislature set to adjourn on August 31st, the last days of the legislative session may be focused on a bill introduced by Senator John Burton (D-San Francisco) to appropriate funds to defray the costs of the Bay Bridge overrun, which could be as high as \$5.1 billion. A bridge bill is likely to reawaken the issue of the North-South funding disparity. Also in the Legislature, the Regional Investment in Goods Movement, Highways and Transit Act of 2004 may be conferenced with bills related to design build. At the federal level, the efforts to reauthorize TEA-21 continue, but with delays that may extend into 2005.

BACKGROUND:

State Legislative Update

Bay Bridge Cost Overrun

Following the enactment of the budget on July 31st, the Legislature returned to committee business, attempting to finalize work by the August 13th deadline for fiscal committees to hear bills. As committee deliberations restarted, the issue of Bay Bridge cost overruns surfaced, with Caltrans postponing several times the release of a report detailing the extent of the overrun.

At the time of this writing, the Bay Bridge is expected to cost \$5 billion dollars, compared to preliminary estimates of \$1.1 billion in 1997. In 2001, the design of the bridge was changed, with a \$2.6 price tag. With the bridge only half-finished, the costs are believed to have risen to as much as \$5.1 billion. High steel and concrete prices are blamed for the increase.

Options to finance the overrun are varied. They include raising tolls from \$3 to \$4; charging higher tolls at peak hours; refinancing bonds used to pay for construction; and imposing a regional tax on gasoline sales. Each option presents difficulties. Bay Area drivers only recently faced the toll increase from \$2 to \$3 on July 1; \$4 may be too much, too soon.

Likewise, a regional gas tax would affect people who don't use the toll bridges, and congestion pricing--raising the tolls at peak traffic periods--would be new to the Bay Area. Transportation officials are also investigating whether refinancing bonds at lower interest rates could offset the



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overruns. This involves borrowing against the anticipated revenue from future tolls by issuing bonds.

In Sacramento, it is believed that legislation may be introduced by Senator John Burton (D-San Francisco), who is termed-out of office this year, to appropriate state transportation dollars to cover some of the costs of the overrun. Time is short in the legislative session with adjournment on August 31st. However, if a bill were passed, it could amount to a massive transportation funding disparity between Northern California and Southern California.

The North-South split, as it is called, has existed since the 1920s, with Northern California receiving a disproportionate amount of transportation funding despite Southern California's ongoing need for adequate transportation resources. If Senator Burton introduces a bill, a unified Southern Californian response is likely, and SCAG is prepared to lead the effort to ensure the region is fairly represented in transportation appropriations.

RIGHT

On August 11th, SCAG participated in a conference call with CALCOG and the region's county transportation commissions to discuss RIGHT, the Regional Investment in Goods Movement, Highways and Transit Act of 2004. The CTCs have provided SCAG with excellent amendments for the bill, which have been incorporated fully. The bill remains, with SB 1210 (Torlakson) and SB 1793 (McPherson) relating to design build, ready to be conferenced together in the coming weeks into final form.

Federal Legislative Update

Reauthorization of TEA-21

The latest extension of the Transportation Equity Act of the 21st Century (TEA-21) will expire September 24th for highway programs and September 30th for transit. When Congress reconvenes on September 7th, absent any action in September, Congress may pass yet another short-term extension or may pass a longer-term extension, deferring action until the new Congress takes over next year.

SCAG continues to advocate for the region in conference committee via its Washington, D.C. representatives and as part of larger coalitions like the Southern California Consensus Program delegation, the Association of Metropolitan Planning Organizations (AMPO) and the National Association of Regional Councils (NARC).

MEMO

Date: August 12, 2004

To: Transportation and Communications Committee

From: Alan Bowser, Senior Regional Transportation Planner
(213-236-1843) or Bowser@scag.ca.gov

RE: Regional High-Occupancy Vehicle Lane System Performance Study

RECOMMENDATION: Information Item.

SUMMARY:

The attached Executive Summary describes ten findings/conclusions and eight recommendations that emerged from this study, all consistent with the adopted 2004 Regional Transportation Plan and with work conducted by the Los Angeles County Metropolitan Transportation Authority (2002).

In overview, polling results confirm that 76% of respondents in the study area support or strongly support HOV lanes. Favored are 24 hour-7 days a week operations, HOV lane separation from mixed-flow lanes and the 2+ HOV lane occupancy requirement.

BACKGROUND:

The Southern California Association of Governments (SCAG) conducted this study for the purpose of analyzing the current performance of the HOV lane system in the region. The study area consists of the counties of San Bernardino, Riverside, and Orange. Los Angeles County is not included in this study because the Los Angeles County Metropolitan Transportation Authority recently completed the HOV Performance Program Evaluation Report (The Parsons Brinckerhoff Study Team, November 2002) for Los Angeles County, which the SCAG study is designed to complement.

DISCUSSION:

Technical results indicate the continued development and operations of HOV lanes is followed by gradual growth of ridesharing, existing lanes are well utilized, typical HOV lane trips offer travel time savings ranging from 1-15 minutes, HOV lane to HOV lane direct connectors (interchanges) although costly reduce accident rates, mobility performance indicators (VMT, VHT and Travel Speed) are optimized with a 2+ occupancy requirement today and well into the future, violation rates are very low (1.2%) and transit operations currently contribute relatively little to person movement in the study counties.

Through the HOV Study TAC, study recommendations include: (1) continue all-day, all-week, 2+ with limited access/egress HOV system operations, (2) address congested segments on a case by case basis, (3) defer 3+ conversion strategies as long as possible, (4) emphasize transit investment to increase

MEMO

occupancy on HOV lanes, (5) complete the programmed and planned HOV lane system including mainline and direct connectors in order to capture system and traveler benefits, (6) undertake future research regarding HOV lane design and implementation, (7) access strategies to increase HOV lane through-put and (8) support HOV performance monitoring.

These recommendations are consistent with the adopted 2004 Regional Transportation Plan. In addition, staff recommends forwarding recommendations relating to transit usage of HOV lanes to SCAG Transit Task Force for further consideration.

FISCAL IMPACT:

All work related to approving the recommended staff action is contained within the adopted FY 2004-2005 budget and does not require the expenditure of any additional financial resources.

attachment